

**ROMAN CATHOLIC DIOCESE OF DES MOINES**

**PARISH AND SCHOOL  
RESOURCE MANUAL**

Finance and Technology



Catholic Pastoral Center  
601 Grand Avenue  
Des Moines, IA 50309

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# Cash Management

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Cash management is an important function for any organization. Parishes and Schools should confirm and monitor cash internal control procedures to minimize the vulnerability of parish/school funds. The Parish/School should also ensure funds are invested and managed in a responsible way, maintaining Catholic stewardship. This section contains information about bank/investment accounts, separation of duties, restricted assets, and funds held for others.

## 101 Bank/Investment Accounts

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### 101.1 BANK STATEMENTS

The pastor, or his designee who has no recording duties, should receive all unopened bank statements and cancelled checks (or copies of cancelled checks). The pastor should do the following and then sign and date the statements:

1. Open all bank statements and determine if the balance appears reasonable.
2. Review transactions for propriety.
3. Review to ensure payees are valid and signatures are authentic.

### 101.2 AUTHORIZED SIGNERS

As administrator of the parish/school and its affiliated organizations, the pastor must be included as an authorized signer on all accounts. This ensures the pastor is aware of all accounts in the name of the parish/school. It also protects the misuse of the parish's/school's federal employer identification number (FEIN).

Individuals with access to record entries in the accounting records or who receive and process cash receipts should not be authorized signers. The check signer should not print/write the check. This separates the duties of those with control over cash and insulates the individual from any implication or temptation of wrongdoing.

When checks are presented for signature, the supporting documentation (invoice and possibly a purchase order, receipts, etc.) should accompany the check. Blank checks should never be signed.

When there is a change in signers (e.g., if a trustee is a signer and rotates off), notify the bank as soon as possible to change the signature cards.

### 101.3 SIGNATURE STAMPS

A signature stamp should never be used. Existing signature stamps should be destroyed so that a live signature is required. This way, all cash outflow is properly reviewed and authorized. Should a signature stamp be used for correspondence, it should be kept locked and used only with authorization from the pastor.

#### 101.4 DUAL SIGNATURE REQUIREMENTS

The Parish/School should establish a dual signature policy whereby checks over a certain dollar limit require a second signature. It is recommended to set this limit around \$2,500 - \$5,000. This should be an internal policy that is documented. The second signature provides an extra level of control over large expenditures.

#### 101.5 BANK RECONCILIATIONS

Bank reconciliations should be performed on a timely basis, preferably within 10-14 days of receipt of the bank statement. This helps to ensure that any errors can be found and corrected promptly by either the bank or the parish/school.

A best practice is to have the reconciliation done by an individual who does not sign the checks or keep the books (if possible, someone who does not process receipts either). All bank reconciliations should have a supervisory review (e.g., a member of the finance council, the pastor, or the business manager). The reviewer should sign and date the reconciliation noting his/her review. If the person doing the reconciliation does have recording duties, this review is even more important.

##### Steps to review a Bank Reconciliation:

1. Just because a ParishSOFT Accounting reconciliation shows \$0.00 in the “Difference” box that is not proof that the reconciliation is balanced. Inappropriate journal entries or changes to the Bank Balance (“Ending Balance”) can force the “Difference” to be \$0.00.
2. Check that the “Ending Balance” on the ParishSOFT Accounting reconciliation matches the ending balance on the ACTUAL bank statement.
3. If the reconciliation is not generated by the ParishSOFT Accounting system, trace the “Book or System Balance” to the balance shown in ParishSOFT Accounting for that account.
4. For uncleared deposits:
  - a. Deposits-in-transit should clear in a matter of days (credit card deposits could be the exception). Research any that do not.
  - b. If it is a transfer between internal accounts, determine that the transaction - check removed/credited from one account and deposited/debited to the other account – shows appropriately in both accounts.
5. For uncleared journal entries:
  - a. Generally, there should not be any uncleared journal entries. Research the reasons for any that have not cleared.
  - b. Journal entries should have appropriate documentation that justifies the entries being made and should be available to the reviewer.

6. If any check has been outstanding more than a couple of months:
  - a. Do the payee and amount seem appropriate?
  - b. Has the payee been contacted to see why the check has not been cashed?
  - c. Has the payee received the payment? If a vendor normally processes payments quickly, such as a utility company, they may not have received the payment.
7. Mass collection count sheets: Ensure that all amounts recorded on the count sheets are reflected on the bank statement.
8. If a reconciliation is not generated through ParishSOFT Accounting, check the math accuracy of the reconciliation.
9. Sign and date the reconciliation indicating completion of the review.

### **101.6 NUMBER OF BANK ACCOUNTS**

Keep the number of accounts to a minimum. This helps to streamline the accounting process by decreasing the number of accounts to reconcile and control. Rather than having a separate bank account for each restricted purpose, separate the funds using the general ledger by using the primary/subsidiary bank account function within ParishSOFT Accounting. *For more information about primary/subsidiary bank accounts, see page 18.*

### **101.7 BANK ACCOUNTS IN PARISHSOFT ACCOUNTING**

All checking, savings, investment, and any other accounts including auxiliary groups like Altar & Rosary, Cemetery, Home & School, etc., should be recorded on the parish/school general ledger. Any account that is set up with a financial institution utilizing the parish/school's federal tax ID should be included. This allows the finance council and the parishioners to have a complete picture of the negotiated assets of the parish/school. The responsibility of the pastor and the Bishop to oversee the finances of the parish/school requires full disclosure of all accounts.

#### To Mark an Asset Account as a Bank Account in ParishSOFT Accounting:

Marking an account as a bank account in ParishSOFT Accounting allows bills/checks and deposits to be entered to an account. It also allows for bank reconciliations to be done utilizing ParishSOFT Accounting. To mark an account as a bank account in ParishSOFT Accounting:

1. Click on the Accounts icon.
2. Under Quick Find on the right side of the screen, enter the account number or name (#1000 for example).
3. Click "Find Account".
4. Scroll to the bottom of the screen and make sure that the box next to "Bank Account" is checked.

<input checked="" type="checkbox"/> Bank Account	
Service Charge Account:	101900030: Bank Charges E-1-101-9000-90-30
Interest Account:	101410004: Interest Income I-1-101-4100-90-04
Check Number Ceiling:	<input type="text"/>
<input type="button" value="Submit"/>	

5. Enter the expense account where you want any service charges to be coded to. (This function allows you to enter the service charge amount at the time of the bank reconciliation. The system will then do a journal entry for you instead of you entering it separately.)
6. Enter the income account where you want any interest to be recorded to. (Same as above – the system will make the journal entry for you at the time of the bank reconciliation.)
7. Leave “Check number Ceiling” blank.
8. Click Submit.

### 101.8 NAME ON BANK AND INVESTMENT ACCOUNTS

Priests, deacons, parish/school officers, and corporate officers may not hold assets in their own name or purchase in their own name any property that rightly belongs to the church.

### 101.9 INVESTMENT ACCOUNTING

Most parishes/schools receive investment statements monthly or quarterly with market values listed. When these statements are received, make an entry to record any gains or losses along with any interest or dividends earned.

#### Realized vs Unrealized Gains/Losses

A realized gain/loss occurs when a stock/security is **sold** for either more (gain) or less (loss) than was paid. An unrealized gain/loss is when the market value of the stock/security is higher or lower than what was paid, but it hasn't been sold yet.

#### Recording Investment Activity

##### Example:

During the month of April, St. Parish earned \$1,050 in interest/dividends on their restricted investment account. They also had \$4,500 in unrealized gains on the restricted investment. The investment general ledger account is #1375.

Given the example above, the journal entry that St. Parish will make is:

<b>Acct No.</b>	<b>Acct Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Comment</b>
1375	Investment Account	1,050.00		April Interest/dividends
<b>101-420012</b>	<b>Investment Income</b>		1,050.00	April Interest/dividends
1375	Investment Account	4,500.00		April Gain
<b>101-420013</b>	<b>Capital Gain/Loss</b>		4,500.00	April Gain

However, if this investment account was unrestricted, i.e., the Parish can regularly withdraw funds to help pay for operational costs, the entry would be the following:

<b>Acct No.</b>	<b>Acct Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Comment</b>
1075	Investment Account	1,050.00		April Interest/dividends
<b>101-410004</b>	<b>Interest Income</b>		1,050.00	April Interest/dividends
1075	Investment Account	4,500.00		April Gain
<b>101-410013</b>	<b>Capital Gain/Loss</b>		4,500.00	April Gain

The difference between the two entries is the income and asset accounts. In the top entry, the income gain or loss is restricted and can only be used as the parish council or donor intended. Therefore, it is recorded as restricted income and to a restricted asset account. In the second entry, the income gain or loss is not restricted and can be used for operations, so it is recorded as unrestricted income and to an unrestricted asset account. For ADA purposes, the second entry contains assessable income; the first entry would be exempt from ADA.

#### **101.10 BANK/INVESTMENT TRANSFERS – HOW TO RECORD**

There are two different ways to record a transfer of funds between two asset accounts.

##### How to record if no check is written:

If the transfer is done without having to write a check, a journal entry should be done. The account that the funds are going into should be debited, and the account that the funds are coming out of should be credited.

For example, Parish A wants to transfer \$20,000 from their main checking account (#1000) to their savings account (#1050). The below journal entry will be made:

<b>Acct No.</b>	<b>Acct Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Comment</b>
1050	Savings	\$20,000		Bank Transfer
1000	Checking – General		\$20,000	Bank Transfer

##### How to record if a check is written:

If a check needs to be written either to the bank or to the parish to transfer the funds,

1. Enter a bill utilizing the bank account you are transferring the funds from (most likely general checking - #1000 in above example) and record it to 101-700040 "Other Expenses".
2. Print the check.

3. Enter a deposit to the account the funds are being transferred to (#1050 from the example) and record it to 101-700040.

It is very important that you use the same account (101-700040, “Other Expenses”) and same accounting month for both the bill/check and the deposit. The bill posts the amount to “Other Expenses”, and then the deposit removes it, leaving a net effect of \$0 on the Statement of Activities.

## 102 Segregation of Duties

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The following four job duties should ideally be done by different individuals:

1. Access to receipts (e.g., money collection points, counting, depositing)
2. Recording of transactions (e.g., general ledger, tuition/fee receivables, tithing reports)
3. Signing checks/withdrawing funds from financial institution accounts
4. Reconciling (e.g., bank/investment accounts, tuition/fee receivables, tithing reports to general ledger income accounts)

Bank reconciliations should have both a preparer and a reviewer and these should be different people. The preparer can be the recorder of transactions, as long as the reviewer is knowledgeable about the transactions recorded. It is good for both to document their duties by signing and dating the reconciliations. Given the supervisory nature of the review, the reviewer should not be a subordinate of the preparer or a recorder of transactions for the area under review.

If it is not feasible to separate these job functions at your parish/school, please read the following section for additional help.

### 102.1 ACHIEVING SEGREGATION OF DUTIES WITH LIMITED PERSONNEL

When parish/school finance personnel are limited and the duties listed above are not separated, seek assistance from the Finance Council. Have one or more members of the Finance Council commit to the following monthly duties for a quarter (duties could be rotated periodically):

- Examine the Check Register for the following:
  - Review the order of check numbers. Ask to see copies of any voided checks.
  - Review payee names, amounts, and general ledger account #s for reasonableness.
  - Sign and date check register.
- Scan the detailed general ledger for reasonableness:
  - Note anything which generates a question or appears unusual.
  - Sign and date the detailed general ledger.
- Review and recalculate bank/investment reconciliations. *See page 12.*
- Send annual statements. Ensure all parishioners and non-parishioners are included. Provide contact information for Finance Council members on the statements for any subsequent questions or concerns that may arise.



The following was created for the Archdiocese of Miami by Verdeja & De Armas, LLP

Two Person Office

<b>Bookkeeper</b>	<b>Pastor, Finance Council, or 2<sup>nd</sup> Person</b>
<ul style="list-style-type: none"> <li>• Record Accounts Receivable entries</li> <li>• Mail Checks</li> <li>• Write Checks</li> <li>• Record general ledger entries</li> <li>• Reconcile bank statements</li> <li>• Receive cash: Use a 3 part receipt form when money personally delivered. Consider the use of a locked box secured to the wall/floor where donors can drop their money to be deposited by the weekly money counters.</li> <li>• Disburse Petty Cash</li> <li>• Authorize check request</li> <li>• Authorize invoices for payment</li> </ul>	<ul style="list-style-type: none"> <li>• Sign Checks</li> <li>• Complete Deposit Slips</li> <li>• Perform interbank transfers</li> <li>• Reconcile Petty cash</li> <li>• Detailed review of bank reconciliations</li> <li>• Process Vendor Invoices (Mark: paid, date, sign/initial)</li> </ul>

Three Person Office

<b>Bookkeeper</b>	<b>Office Manager</b>	<b>Pastor or Finance Council</b>
<ul style="list-style-type: none"> <li>• Record AR entries</li> <li>• Reconcile petty cash</li> <li>• Write checks</li> <li>• Record general ledger entries</li> <li>• Reconcile bank accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Process Vendor invoices</li> <li>• Receive cash</li> <li>• Mail checks</li> <li>• Approve invoices for payment</li> <li>• Disburse petty cash</li> </ul>	<ul style="list-style-type: none"> <li>• Sign checks</li> <li>• Complete deposit slips</li> <li>• Perform interbank transfers</li> <li>• Review bank reconciliations</li> </ul>

Four Person Office

<b>Bookkeeper</b>	<b>Clerk</b>	<b>Office Manager</b>	<b>Pastor or Finance Council</b>
<ul style="list-style-type: none"> <li>• Record AR entries</li> <li>• Reconcile petty cash</li> <li>• Write Checks</li> <li>• Record General ledger entries</li> <li>• Reconcile bank statements</li> </ul>	<ul style="list-style-type: none"> <li>• Receive cash</li> <li>• Disburse petty cash</li> <li>• Authorize purchase orders</li> <li>• Authorize check requests</li> <li>• Mail checks</li> </ul>	<ul style="list-style-type: none"> <li>• Complete deposit slips</li> <li>• Process vendor invoices</li> <li>• Approve invoices for payment</li> </ul>	<ul style="list-style-type: none"> <li>• Sign checks</li> <li>• Perform interbank transfers</li> <li>• Review bank reconciliations</li> </ul>

## 103 Restricted Assets

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Restricted assets are assets that have been designated for a specific purpose by the donor or the Finance Council. Any economic benefit derived from these assets must be used for their intended purpose, therefore they are restricted. Donations that meet the definition of restricted should be deposited into a restricted asset account (Parish Council Restricted series: #1200, Donor Restricted series: #1300). This ensures that the funds are listed separate from operational funds and serves as notice to all that the funds are not available for operational use. See Section 201.5 for more information on restricted donations.

### 103.1 PRIMARY/SUBSIDIARY BANK ACCOUNTS

ParishSOFT Accounting has a feature called Primary/Subsidiary Bank Accounts which allows for a single physical bank (or investment) account to be used, while reporting the funds separately on the Statement of Financial Position. For more information about primary/subsidiary bank accounts, watch the video at <https://vimeo.com/33797204>.

### 103.2 PARISH FINANCE COUNCIL RESTRICTED FUNDS

The parish finance council, with approval by the pastor, can choose to restrict parish operating funds for a specific purpose. The following should be determined and recorded in the finance council meeting minutes:

- the specific purpose of the monies.
- the plan for funding it (is it a transfer of unrestricted funds or will additional funds be needed).
- when the funds are expected to be used – in what year(s).
- if the funds are not anticipated to be used in the next 12 months, the finance council should consider investing them. If the monies are invested, an investment policy should be written.

The additions/distributions should also be documented through a separate general ledger account or a spreadsheet.

Parish finance council restricted funds should be recorded on the Statement of Financial Position using an account number in the 1200 series and assigned an appropriate account name (scholarship fund, roof replacement fund, etc.) These funds are not to be used for operating expenses. See Section 201.5 for more information on restricted donations.

### 103.3 DONOR RESTRICTED FUNDS

Gifts received from donors for non-operational purposes should be recorded into a donor restricted account. This is typically for a building or debt reduction campaign but could include isolated gifts such as for the purchase of a statue. Below is an example of the entry to record donor restricted funds: See Section 201.5 for more information on restricted donations.

<u>Account No.</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
1320	Savings Donor Restricted	5,000	
121-420006	Designated Donation		5,000

## 104 Electronic Banking

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Electronic, online, or internet banking is when the parish's or school's bank account is accessed via the bank's website. Even if the user is only viewing the bank account, the below procedures should be followed.

### 104.1 INTERNAL CONTROLS

Only staff members with check signing authority should be able to release or add funds to the parish/school bank accounts via online banking. This includes ACH deposits and withdrawals. Bank transfers between parish/school accounts can be performed by a non-signing staff member if the following controls are put in place:

- The user is set up so his/her access only allows transfers between parish/school accounts. The user should not be able to move money to an account not owned by the parish/school.
- Before a bank transfer is processed online, the staff member receives signed confirmation from 2 check signers verifying the amount to be transferred, on what date, and between which bank accounts.

It is also recommended that anytime a transaction is processed online (bank transfer, ACH withdrawal, ACH deposit etc.), an email is generated from the bank notifying someone that does not have online access. This is to ensure that no unauthorized transactions take place.

When possible, a confirmation should be printed out after the transaction has been processed.

*See page 132 for more information on electronic banking.*

### 104.2 SECURITY ISSUES

#### Utilizing your Bank's Website

The Parish/School should establish a clear procedure for electronic banking that creates dual controls and minimizes risk from online fraud. The Parish/School should not depend solely on the bank to protect it. Staff should verify that the financial institution has ample security measures in place to protect the data and the access to your account but each parish/school must take responsibility for its own protection and security.

The following is mandatory when utilizing online banking:

- A separate standalone computer must be used whenever you are logging onto your bank's website. This can be an older computer that has been restored to factory settings by a professional.
- No other internet browsing or email should be allowed on this computer
- Allow no stored or saved passwords
- Remove all unnecessary user accounts
- Remove all non-essential programs

- Turn off Remote Desktop and Remote Assistance
- Do not have any overdraft protection on any bank account.

The following are strongly recommended when utilizing online banking:

- Ask your bank if they offer any additional security measures, such as Positive Pay, Iron Key, and Trusteer Rapport software. Another security measure is utilizing a fob (which would be provided by the bank) to log into the bank’s website instead of creating a password.

If you utilize ACH as a method of payment or for deposits:

- Upload or enter the ACH information to the bank’s website utilizing the stand alone computer. Do not email a file to the bank through normal email channels.
- Ask your bank to notify you and one other person by email when the transaction has been approved and processed by the bank.
- Have dual authorization for all ACH transactions processed. Two people should be involved in any ACH disbursements initiated by the parish/school. Just like when a check is prepared, someone prepares the check and a different person signs the check. One person can prepare the ACH file and another can submit it. Or if that is not possible have someone review the documentation after the file has been submitted verifying the total amount that is part of the ACH file matches the total of the invoices paid. One of these people should be a check signer.
- Print out a confirmation or write down the confirmation number illustrating the ACH’s successful upload and file this, with the journal entry/deposit recording the transaction in the general ledger.
- Ask your bank to set up templates to be used for disbursements with the receiving bank account information saved. This might be used for employees receiving expense reimbursements. With payroll, paychecks can be paid via ACH by uploading a file to your bank that is created out of the ParishSOFT Payroll module. For more information about this, please contact ParishSOFT.

## **105 Funds Held for Others (FHFO)**

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Funds Held for Others (FHFO) should be used for auxiliary organizations such as Altar and Rosary Society or a Men’s Club. Monies held in FHFO accounts represent liabilities of the parish/school.

### **105.1 FHFO VERSUS RESTRICTED ASSET ACCOUNTS**

Monies designated by a parish/school finance council for a specific purpose, (e.g., a long-term building project, debt reduction campaign), or restricted contribution by a donor, would not be accounted for in a FHFO account, but rather in a Parish Council Restricted account (#1200 – #1285) or Donor Restricted account (#1300 - #1380). *See page 18 and page 28 for more information.*

### **105.2 AUXILIARY ORGANIZATION ACCOUNTING**

There are two ways to account for financial activity of auxiliary organizations.

A FHFO account can be used or income/expense accounts can be used.

1. Accounting entries using a FHFO account:

a. When funds are received:

Acct No.	Acct Description	Debit	Credit
13xx	Auxiliary Group Bank Account	x	
24xx	Funds Held for Others - Auxiliary		x

b. When funds are spent:

Acct No.	Acct Description	Debit	Credit
24xx	Funds Held for Others - Auxiliary	x	
13xx	Auxiliary Group Bank Account		x

2. Tracking Income and Expenses (utilizing program 134: Auxiliary Organizations or 214 for Schools) without a FHFO Account

a. When funds are received:

Acct No.	Acct Description	Debit	Credit
13xx	Auxiliary Group Bank Account	x	
134-420001	Auxiliary Organizations		x

b. When funds are spent:

Acct No.	Acct Description	Debit	Credit
134-xxxxxx	Expense Account	x	
13xx	Auxiliary Group Bank Account		x

Frequency of Recording:

The bank statements from these associated organizations should be sent directly to the parish. Transactions for these organizations should be recorded at least monthly. The bank account procedures utilized by the parish/school (see page 11) should be followed.

## 106 Guidelines for Endowment Funds

Special Funds within the Corporate Structure

The parish or the school, should establish the special fund (“Endowment Fund”) as part of the parish or school corporate financial structure through a corporate resolution adopted by the Board of Directors of the corporation, setting forth in detail the purpose of the special fund and the established procedure for the administration of the special fund, including the following:

1. State the specific purpose of the fund, such as general support of the elementary school or high school, scholarships at the elementary school or high school, funding a specific charitable or religious program of the church, etc.
2. State the plan for the solicitation of contributions to the special fund and that such solicitation shall be under the direction and control of the Board of Directors of the Corporation.
3. State whether only the income from the investment of the fund can be used (strictly an “Endowment Fund”) or whether there are special circumstances under which the principal of the fund can be used for the purpose stated; and state when distributions of income or principal, if applicable, are to be made (annually or otherwise). If applicable, the Diocese recommends withdrawing at a smaller rate in order to grow the principal value. For example, withdrawing 3.75% of the prior year value. This percentage should be stated, and it should be stated what balance this percentage should be applied to (prior year, prior 3 years averaged together, etc.)
4. State that the distribution of the principal (if applicable) and income shall be made only upon direction of the Board of Directors through the normal procedures established by the Board of Directors for the administration of parish or school funds.
5. If an advisory committee is to be used to make recommendations to the Board of Directors of the Corporation in regard to the administration of the fund, state who the members of that advisory committee are to be, how they are selected, the name of the committee and the method by which the committee will operate.
6. State that the Board of Directors shall have full authority to make any amendments to the original corporate resolution establishing the fund including the determination of when the fund is no longer needed, when the fund should be dissolved, and the use of the funds upon dissolution.
7. Establish a separate investment account for the special fund, which can be provided through the Catholic Foundation of Southwest Iowa.
8. If the special fund is for school purposes, state that contributions to the special fund cannot be made in lieu of school tuition so as to allow a deduction on an individual contributor’s tax return.
9. State that the special fund (“Endowment Fund”) shall be included in all appropriate financial statements of the corporation, whether a parish or a school, with the fund appropriately identified as a special or designated fund.
  - Donations to the special fund shall be identified on the financial statements under **Foundation Income (420007)** and will be non-assessable for ADA. If distributions from the

endowment are used for the operations of the parish/school (e.g., tuition assistance); the distributions will be ADA assessable.

- Investment income and gains from the special fund that are used for operations of the parish or school shall be identified on the financial statements as **Interest Income (410004) and Capital Gain/Loss (410013)** and will be ADA assessable.
- Income from the special fund that is reinvested in the special fund shall be identified in the financial statements as **Investment Income (420012) and Capital Gain/Loss (420013)** and will be non-assessable for ADA.
- Money taken out of the special fund and used for operations shall be identified on the financial statements as **Miscellaneous Income (410010)** and will be assessable. Expense will also need to be recorded for the withdrawal under **Other Expenses (700040)**.

Whenever a parish corporation or school corporation proposes to create a special fund for the purpose of collecting, investing, and distributing the income or principal for a specific designated purpose, the proposed corporate resolution creating that special fund should be drafted in accordance with the above guidelines and then forwarded to the Chancery for approval by the Bishop.

## **107 The Catholic Foundation of Southwest Iowa**

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The Catholic Foundation of Southwest Iowa (CFSWIA) advances Catholic stewardship throughout the 23 counties of Southwest Iowa by providing unique opportunities for individual giving, and unique resources for organizational financial management, all grounded in financial best practices and Catholic-values decision-making. The mission is to serve donors by providing high-impact avenues to fulfill their charitable giving goals and to serve Catholic parishes and organizations by providing strategic tools and fund management designed to achieve and deepen long-term financial security. While working collaboratively with the Diocese of Des Moines, the Foundation is an independent non-profit organization legally separate from the Diocese.

### **107.1 AGENCY FUNDS**

Any parish, school, or any Catholic organization may enter into an agency relationship with the CFSWIA. As such, that entity, while maintaining ownership, invests their funds in the Foundation taking advantage of the pooling of assets.

Benefits of working with the Catholic Foundation of Southwest Iowa include:

- Best-practices financial management with a range of portfolio options
- Screened investment pools that promote “Catholic-values” and exclude investments in companies in conflict with church teaching
- Support for the fiduciary duties of a parish, school or institution
- Prompt, professional service free from conflict of interest

- Assistance with the development and implementation of a multi-year planned giving marketing plan
- Common Catholic values, and a shared mission to support financially the spiritual, educational and social needs of our Catholic community.

Agency Funds enable parishes, Catholic schools or organizations to capitalize on long-term investment strategies in a diversified portfolio managed by professionals. Agency funds are considered a legal and accounting asset of the establishing institution, which also maintains full discretion regarding distribution(s) from the funds.

However, Agency Funds are not “pass through” accounts or bank accounts. A long-term investment strategy is employed with Agency Funds within the Foundation. This agency relationship may be terminated by that same entity at any time.

### 107.2 CATHOLIC VALUES INVESTING

In 2003, the United States Conference of Catholic Bishops (USCCB) issued "Socially Responsible Investment Guidelines" for Catholic institutions and individuals. These investment guidelines were formed in concert with the 1986 pastoral letter Economic Justice for All, in which the Bishops address corporate and economic responsibility. The USCCB investment principles **focus on the following areas:**

- protecting human life
- promoting human dignity
- reducing arms production
- pursuing economic justice
- protecting the environment
- encouraging corporate responsibility

Consistent with the Gospel, universal church teaching, the USCCB, and guidance from our local bishop, the Catholic Foundation of Southwest Iowa offers a variety of moral and socially responsible investment options designed to meet a variety of philanthropic goals and time horizons while adhering to Catholic-values.

For more information or questions:

The Catholic Foundation of Southwest Iowa

601 Grand Avenue

Des Moines, IA 50309

515-237-5044

[www.catholicfoundationswia.org](http://www.catholicfoundationswia.org)



# Revenues and Related Activities

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Parishes depend on donations to fund their efforts to spread the Gospel. It is important that donors have confidence that their gifts are handled with care. This section contains information on mass collection counting, recording receipts, acknowledging donations, and fundraising.

## 201 Processing Receipts

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### 201.1 MASS COLLECTION PROCEDURES FOR USHERS

1. Before Mass, inform the ushers of the number of collections. Assign tamper-resistant bags utilizing a bag tracking form (see page 169) for these collections beforehand, plus a spare bag in the event of a defective bag seal or an error made in closing the bag. If a bag is spoiled, retain it and submit it with the collections by noting the bag number(s) on the bag tracking form. If there is a second collection that weekend, an extra bag should be assigned for each Mass and labeled “second collection”.
2. During the offertory, the ushers move pew to pew with the basket collecting from the worshippers
3. The collection is maintained in its original form. No change is ever given from the collected funds or checks cashed from the collected funds.
4. At least two ushers consolidate the individual collection baskets into a pre-numbered, tamper-resistant bag assigned to that Mass and seal it.
5. If there is a second collection, consolidate and seal the tamper-resistant bag for the first collection before the second collection is started, then the ushers move pew to pew with the basket collecting from the worshippers for the second collection. Be sure the second collection tamper proof bag is labeled “second collection”.
6. The bag(s) for the regular collection and, if applicable, the second collection are transported to a secure area for safekeeping prior to delivery to the count team.
7. Document the procedures for the ushers to follow, especially how to properly seal the bags. Post and communicate these procedures with the ushers. Let the ushers know how much you appreciate their cooperation in successfully implementing these procedures.

### 201.2 CASH COUNTING PROCEDURES

The following procedures should be used for ALL cash counting, including fundraising receipts, religious education and school tuition/fee receipts.

### Secure Counting Area:

The count area should be free of distractions. There should be no “through traffic” by individuals other than counters. Only the counters and any staff overseeing count should be in the room. Parish staff should not be counting the collections.

Set up the count room with the counting supplies, collection worksheets, and bank deposit tickets. Also, supply a new tamper-resistant bag to secure the funds to be deposited after the count is complete.

### Cash Count:

The counting team should consist of two or more unrelated people. This team should be on a rotating basis so that the same two or more individuals are not always the counters.

Below are the steps to be followed by the two or more unrelated counters:

1. Once the counters are assembled, the pastor or his designee will deliver the tamper-resistant bags containing the Mass collections. Other sources of revenue received by mail or in person at the parish office are also delivered to the counters.
2. The counters will examine the bags to note if the condition is secure with no breaches of the seal or other irregular conditions of the bag. Record the condition of the bag and the bag number on the Bag Tracking Form. If the integrity of the bag is compromised (torn, ripped, not sealed properly), document the irregularity on the Bag Tracking Form. Notify the pastor immediately of any irregularity.
3. The counters will verify the bags delivered to them are the bags listed on the Bag Tracking Form by matching the bag number listed to the number on the bag. *See page 169 for a sample bag tracking form.*
4. Once the bag is opened, open the donation/tithing envelopes and verify the amount in the envelope is the amount indicated on the front of the envelope. Notate this review by check marking the amount on the envelope. As each envelope is opened, make one pile of empty envelopes and one pile of the cash/checks from the opened envelopes.
5. For checks that are received with no envelope or other backup documentation, use a separate sheet of paper to list the name on the check, dollar amount, check number and any other information given on the check. If there is loose cash/coin that does not give the donor’s name, write the total amount on the list of loose checks and note “loose cash”.
6. After all envelopes have been opened, separate the checks from the cash/coins. Group the cash/coins by denomination, count, rubber band (if cash), and note how much is contained in each group. Have two people count currency to verify.

7. Calculate a sub-total of all checks using either a computer or adding machine. Calculate a separate sub-total of all cash/coins. Attach each printed total to the checks and cash/coin. Add the two groups together to get a grand total of the deposit.
8. Add up the tithing envelopes and the list of loose checks/cash. Attach the printed total to the envelopes/list. Compare the total calculated to the grand total calculated in step 7 to verify that total cash/checks equal the envelopes/list.
9. Stamp checks for deposit only, restricting endorsement to the parish account.
10. Complete the count sheet by documenting the total currency, coin, and checks. Each counter signs or initials the collection worksheet to provide accountability for the amounts. *See page 168 for a sample cash count sheet.*
11. The counters will record the currency and checks on a bank deposit ticket that includes a triplicate carbon copy. Complete all information on the deposit ticket. Send the original deposit slip with one of the carbon copies, along with the adding machine tapes to the bank and retain the third carbon copy deposit ticket at the parish.
12. Place the collection in a tamper-resistant bag ready for transport, along with the deposit ticket and second copy of the adding machine tape listing check amounts. Transport the collection for deposit processing at the bank.
13. If the collection is transported to the bank via armor courier service, then the deposit ticket is placed in the bag with the collections. The bag is then sealed and placed in the safe awaiting pickup. If the collection is to be delivered to the bank by someone from the parish, then the bag is sealed and the deposit ticket is retained outside the bag and delivered to the bank.
14. Retain and bundle the count sheet, along with the one of the carbon copies of the deposit ticket, and envelopes/list. Envelopes and list of loose cash/checks will be used to enter information into donor's record using ParishSOFT Family Suites.
15. Bank deposit receipts (this will most likely be the second carbon copy deposit slip that was sent to the bank) may arrive in the mail or be returned to the parish by the person who took the deposit to the bank. Immediately match the returned deposit receipt to the count sheet to verify and attach both. If a receipt is not received, review the bank statement or contact the bank

Order Tamper Proof Bags from Kemco by calling (203) 762-1902, faxing (203) 762-2548, or emailing [ken@securpak.com](mailto:ken@securpak.com).

### **201.3 CASH RECEIVED DURING THE WEEK**

It is a best practice to always have two individuals present when receiving payments during the week. However, using pre-numbered, three-part receipts (carbon and original) for all cash received through the parish/school office provides some additional control when two individuals are not present.

Periodically, someone other than the receipt preparer should review the receipt books to ensure that all receipts have been accounted for. Mail should be opened in the presence of at least two individuals.

All monies received can be retained for the weekly cash counting process detailed above if they can be stored in a fireproof secure location. Another alternative would be to install a locked box as a secured means of directly receiving money. Otherwise, prepare a deposit following the steps outlined in the cash count process.

#### **201.4 RECORDING RECEIPTS**

To the extent staffing levels permit, separate the duties of collecting, recording, depositing, and reconciling cash receipts among different individuals. If a parish/school does not have sufficient staff to separate responsibilities for cash handling, record keeping and reconciliation in the most desired manner, oversight by the pastor or Finance Council is necessary.

##### ParishSOFT Family Suites:

When a deposit is made, all donations should be entered to the donor's record in ParishSOFT Family Suites generally within 14 days. If loose cash was part of this deposit, create a donor record in Family Suites called "Loose Cash" and record the amount to that record. After all donations have been entered into Family Suites, a report should be printed listing each donor and amount with a total deposited amount. This amount should be reconciled to the deposit ticket and count sheet. A copy of this report should be retained with the backup documentation/envelopes from the deposit. A separate copy should go to the staff member entering the deposit into ParishSOFT Accounting along with a copy of the count sheet and deposit slip(s).

##### Year-End Donations:

Make certain that donations are recorded in the proper year. Use the postmark date on the mailing envelope to record the date received at year-end. Record checks received in envelopes postmarked January 1st or later in the following year. Record checks received through the collection baskets on the date received as opposed to the date of the check or deposit.

##### General Ledger/ParishSOFT Accounting:

Before recording the deposit into ParishSOFT Accounting, compare the cash count sheet, deposit slip, and report from ParishSOFT Family Suites. Verify that what is being recorded as a deposit in ParishSOFT Accounting is what was recorded into Family Suites. Confirm that these amounts also tie to what was deposited in the bank account.

#### **201.5 RESTRICTED DONATIONS**

Gifts that are classified as restricted (ADA exempt) donations have a non-operational purpose. If a donor gives a gift to pay the heating bill, it should not be recorded to a restricted income account (designated donations, building fund income etc.) Examples of operational purposes that would not be classified as restricted would be: evangelization, faith formation, school assessments, holiday flowers, or the prior years' ADA shortfall. Non-operational examples that would be classified as restricted would be:

1. A contribution received from a donor who has sent a letter restricting its use for the purchase of a particular statue to be placed in the Church sanctuary.
2. A gift received from a donor accompanied by a letter stipulating that the parish invest the gift amount and use only the investment income for Catholic school tuition for local underprivileged children.

### Record Keeping

Careful records should be kept for restricted gifts from the time of acceptance to the time the gift has been expended. It is the duty of the parish to be able to show that the donor's intentions were followed. Maintain documents that come with the gift that specify the designation. It is further recommended that documentation be kept detailing the additions/distributions of the funds through either a separate general ledger account, (*see Primary/Subsidiary Accounts below*), a project or a spreadsheet. It would be beneficial to regularly give this detail to the Finance Council so they can monitor the status of all restricted funds.

### Restricted Asset Account

Gifts recorded in an ADA Exempt Income account should also be deposited as a restricted asset. The monies can be transferred to an operating account at time of disbursement. *See page 18, Restricted Assets for more information.*

Primary/Subsidiary Bank Accounts: ParishSOFT Accounting, has a feature called Primary/Subsidiary Bank Accounts, which allows for a single physical bank account to be used, while reporting the funds separately on the Statement of Financial Position. *See page 18 for more information about Primary/Subsidiary Bank Accounts*

### Projects

In ParishSOFT Accounting, the use of a project can help to monitor restricted funds. Recording a project name to the restricted donation in ParishSOFT Accounting and then using them same project to record the fulfillment (expenses) of this restriction can help to track restricted cash. For more information about this please refer to the ParishSOFT Accounting Ledger and Payables user guide or contact the Diocesan Finance Department.

### Funds Held for Others

Funds held for Other (FHFO) accounts should not be used to track restricted cash. FHFO accounts show as a liability to the parish on the Statement of Financial Position. It is not correct to show restricted cash as a liability.

## 202 Gifts to Outside Organizations

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The following was sent by Bishop Pates on June 22, 2017 to all Parishes regarding Parish Collections:

Our people are surrounded by opportunities to give generously of their time, personal gifts and financial resources. Especially heart-rending are appeals made on behalf of those in economically depressed and fragile areas of the world. While we encourage personal and community generosity, in the interest of good stewardship, accountability and transparency the Diocese of Des Moines has determined the following with regard to the collection practices of our parishes, schools and members of religious communities ministering in parishes in our diocese:

For those relationships already established (sister parishes, local charities, and other fundraising):

- Gifts should always be directed to a non-profit 501c3 organization, never to individuals. No appeal, foreign or domestic, should be deposited into a personal checking account.
- Funds should be collected and given to another church or non-profit organization, again, not to a person. A good rule is that an appeal should allow the people an opportunity to claim the gift on their income taxes – which means it must be given to a non-profit.
- Parishes and their parishioners should expect an accounting of how the funds were used. For instance, funds collected for digging wells in Africa should be shown to have accomplished their purpose and parishes should request annual financial statements of any organization from which a parish collection is conducted, which can then be shared with the people.

New Overseas Fundraising Opportunities:

- In addition to the other guidelines listed above, no new collections should be made apart from those planned through the Missionary Co-Op Plan, unless otherwise approved by Bishop Pates.

Your cooperation with the foregoing guidelines is much appreciated as well as the remarkable compassion and generosity of our people.

## 203 Accepting and Acknowledging Donations

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### 203.1 CASH/CHECK DONATIONS

Parishes should record these donations in their contribution records using the date deposited and then issue annual contribution statements to all parishioners with the necessary IRS language. (See underlined section on page 33). At calendar year end, it might be necessary to date a gift in December, when it was actually deposited in January. This should only be done if the funds were received by the organization in December, or if the gift was postmarked with a December date. If an acknowledgment letter is sent at the time of the gift, make reference that the donation will be included in the year end statement. Sending an acknowledgment letter at the time of the gift is encouraged for donor relations purposes; it is always good to thank your donors.

### **203.2 ANNUAL DIOCESAN APPEAL (ADA) DONATIONS**

If the parish deposits a check for the Annual Diocesan Appeal, and then writes a parish check to the Diocese, this donation will need to be included in the year-end contribution statement that the parish sends, as the parish is the receiving organization. If the parish forwards a check directly to the Diocese from a donor, do not include that gift in the parish's contribution records or provide other acknowledgements to donors. The diocesan development office will do this.

### **203.3 IGNITE! (ICC) CAMPAIGN DONATIONS**

If the parish deposits a check for the Ignite! Capital campaign, and then writes a check to the Diocese, the parish will need to include this contribution in the year-end statements, as the parish is the receiving organization. If the parish forwards a check directly to the Diocese from a donor, do not include that gift in the parish's contribution records or provide other acknowledgements to donors. The diocesan development office will do this.

### **203.4 MASS STIPENDS**

There should be no 'fee' associated with having a Mass said. The Parish can suggest a donation amount, but a fee is not required to have the Mass said. Because of this, funds received for having Masses said should be treated as a donation to the Parish and recorded in ParishSOFT Family Suites with all other donations. These donations should be included on the donor's year-end tax statement.

### **203.5 MEMORIAL GIFTS**

A gift in memory of someone does not constitute goods and services, so memorial gifts should be included in a donor's year-end contribution statement.

### **203.6 FUNDRAISERS**

Donors who get something in return for their donation should only receive a tax contribution letter for the amount given over and above the benefit received. For example, when purchasing a ticket to a dinner, if the ticket was \$80 and the dinner cost \$30. The tax contribution statement would show \$50. Tax deductible contributions are not allowed for cash received for merchandise, raffle tickets, the cost of bingo etc. (See page 34 for more information on gambling activities)

### **203.7 STOCK DONATIONS**

Similar to cash gifts, the parish can provide a thank you acknowledging the stock donation. If the parish decides to create a thank you letter (acknowledgment letter) it is recommended that the parish identify the name of the stock, number of shares, date donated, high, low, and average fair market value of the stock in the letter. If an acknowledgment letter is sent, make reference that the donation will be included in the year end statement. The stock gift should also be recorded in ParishSOFT Family Suites. The value recorded should equal the number of shares multiplied by the average fair market value of the stock on the date it was received.

### 203.8 GRAIN DONATIONS

Provide a thank you acknowledging the receipt of any grain donations. Identify the number of bushels, the date donated, and the date your location sold the grain at the elevator. **Do not include** IRS language (see underlined section on page 33) because this gift is not a tax deductible contribution to the donor. Include the gift of grain in ParishSOFT Family Suites, but it should **not be included** on the year-end contribution statement.

### 203.9 IN-KIND DONATIONS

Provide a thank you noting the date of the in-kind donation and description of the item **but not a value**. The letter serves as an acknowledgement for tax purposes, and per the federal tax code, the donor must assign his/her own value. Do not include in-kind donations in ParishSOFT Family Suites or on year end statements.

Note that it is best the parish pay for expense directly and parishioners provide donations to cover the expense rather than to have the parishioner pay for the expense and then receive an in-kind donation.

### 203.10 IRA DISTRIBUTIONS

You can record IRA distributions in the donor's record in ParishSOFT Family Suites, but the gift should not be included on the donor's year-end contribution statement. The donor is receiving the benefit of a tax free distribution, to also provide contribution credit duplicates the benefit to the donor. It is best to acknowledge receipt of an IRA donation at the time it was received. The development office can provide you with a letter that includes appropriate language for acknowledging this type of gift.

### 203.11 PROPERTY DONATIONS

Provide a thank you note describing the property and date; however, **do not include a value**. It is the donor's responsibility to value the property. Include the IRS language in the letter (see underlined section on page 33). The parish can record the property value in the donor's record on ParishSOFT Family Suites, but it should not be included on year end statements.

### 203.12 SERVICE (TIME & TALENT) DONATIONS

Provide a thank you note. Simply thank the donor for the gift of his/her services to the parish/school/other diocesan location. The IRS does not allow tax deductions for volunteer time. **Do not include** the IRS language (see underlined section on page 33) or assign a value. Do not include a value in your contribution records or on year end statements.

Donors are allowed to deduct out of pocket expenses, including traveling to the site where they are volunteering, provided they are not reimbursed by the parish or school for those expenses. The IRS has an approved mileage rate for volunteers (see [www.irs.gov](http://www.irs.gov) for current rate). Donors are responsible of tracking their own expenses related to volunteering and maintaining any IRS-required documentation.

For independent contractors that wish to donate services, it's best to pay the contractor for the service and have him/her write a check to donate the amount back to the parish.



This list is not all inclusive. Please contact Diocesan Offices with specific questions.

See IRS Publications 526 and 1771 at [www.irs.gov](http://www.irs.gov) for additional information.

### 203.13 GIFTS THAT ARE NOT TAX DEDUCTIBLE

Donors are not allowed to receive a charitable deduction for the following:

- A contribution to a specific individual/family
- A contribution to a nonqualified organization (such as civic league, sports club, labor unions, chamber of commerce, political group or candidate.)
- The part of a contribution from which the donor receives or expects to receive a benefit
- The value of their time or services
- Personal expenses
- A qualified charitable distribution from an individual retirement arrangement (IRA)
- Appraisal fees
- Certain contributions to donor advised funds
- The cost of raffle, bingo or lottery tickets, even if you don't win
- School tuition
- Full amount for items purchased at a fundraising auction or event
- Certain contributions of partial interests in property

Donors may refer to IRS Publication 526 or consult their tax advisor regarding deductibility.

### 203.14 END OF YEAR CONTRIBUTION STATEMENTS

At the end of each calendar year or at the time each gift is received, contribution statements should be prepared for all parishioners based on amounts recorded in ParishSOFT Family Suites Module.

Federal tax deductibility for any single contribution greater than or equal to \$250 requires the donor to have written acknowledgment of the contribution. The written acknowledgment must include the following:

- Parish/school's name
- Donor's name
- Amount of cash contribution – itemize greater than or equal to \$250 contributions separately; each \$250 or more contribution must be listed separately on a donor's contribution statement.
- Description (*but not the value*) of non-cash contribution
- Date of the contribution
- If goods or services **were not** provided, include the following:
  - A statement that goods or services provided by the parish/school consisted entirely of intangible religious benefits, if that was the case.
    - Example: "This acknowledgement of your contribution is provided pursuant to Section 170(f)(8) of the Internal Revenue Code and should be kept as a reference for tax purposes. (Name of Organization) did not provide you with

any goods or services in whole or in part for this contribution other than intangible religious benefits.”

- If goods or services **were** provided, include the following:
  - A description and good faith estimate of the value of goods or services that the parish/school provided in return for the donation.
    - Example: “Two Iowa State Cyclone basketball tickets for December 12, 20XX, valued at \$300, were provided in return for a \$600 donation.”

Calendar year contribution statements should be distributed by January 31<sup>st</sup> particularly for statements with individual contributions of \$250 or more. Electronic statements are acceptable. Any discrepancies noted by parishioners should be investigated by someone other than the recorder of collections.

IRS Publication 1771 contains detailed information regarding the above requirements.

## **204 Fundraising Activities**

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### **204.1 GAMBLING LICENSES/PERMITS**

#### Gambling License Required

The Iowa Department of Inspections and Appeals (DIA) requires all parishes/schools that have bingo/raffles, or other gambling activities, to get a gambling license before any gambling activities begin.

#### Sales Tax Permit Required

Prior to applying for a gambling license, parishes and schools must have a sales tax permit or have just submitted an application for one (ticket sales for bingo and raffles are subject to sales tax). An application for a sales tax permit is made through the Department of Revenue. There is no charge to obtain a sales tax permit. *See page 41 for Sales Taxes/Use Taxes information.*

#### Different Types of Gambling Licenses

Information for the different types of gambling licenses may be found on the DIA’s “Social and Charitable Gambling” web page. Gambling license fees are based on type of gambling and term length of license – the longer the term, the higher the fee.

When submitting the licensing application, attach a copy of the IRS Determination letter which indicates that the parish/school is considered a non-profit organization and a copy of your entity’s Kenedy Directory page. A copy of this letter may be obtained through USCCB’s website (enter “tax and group ruling” in the search bar). The Diocesan Communications Office can provide a copy of the Kenedy Directory page.

Be aware that although the DIA may be able to process the license in a week, the law does allow the DIA 30 days.

## Annual Gambling Report Required

An Annual Gambling Report must be filed with the DIA in January if a gambling license was issued the previous calendar year.

### **204.2 GAMBLING (RAFFLE OR BINGO) WINNINGS: INTERNAL REVENUE SERVICE REQUIREMENTS**

RAFFLES are classified by the IRS as a form of lottery; therefore, lottery rules apply. *If the net winnings (prize money minus the wager) from a raffle are less than \$600 or if the net winnings are between \$600-\$5,000 but not 300 times the wager/ticket, no reporting to the IRS is required.*

BINGO is classified by the IRS as “Certain Gambling Winnings” with its own rule. *If the winnings (not reduced by the wager) are less than \$1,200, no reporting to the IRS is required.*

**If net RAFFLE winnings (minus wager) are between \$600 and \$5,000, AND 300 times the wager/ticket or if BINGO winnings (not reduced by the wager) are \$1200 or more, you will need to follow these instructions:**

1. Have the winner complete a [W-9 Request for Taxpayer Identification Number](#).
2. You will complete [Form W2G Certain Gambling Winnings](#) and present the winner with his/her copies of the form when the prize winnings are distributed.
  - a. Box one should contain the amount of the winnings minus the amount of the wager.  

EXAMPLE: If the grand prize is \$5,000 and the raffle ticket costs \$100, the parish will record \$4,900 (\$5,000 - \$100) in box 1 of the W-2G as the net winnings.
  - b. If the winner does not supply a Taxpayer Identification Number (TIN) for the W-2G, deduct federal back-up withholding of 24% from the net prize money (entered in box 4 of the W-2G).
3. Use [Form 945 Annual Return of Withheld Federal Income Tax](#), to report non-payroll withheld amounts to the IRS. If the total tax is less than \$2500, submit with Form 945 using Form [945-V Payment Voucher](#). This is not the same form used to report Federal income tax and FICA withheld for employees.
4. Form 945 is an annual return. For taxes withheld in the current calendar year, the return would be due January 31<sup>st</sup> of the following calendar year. It should not be sent earlier than January 1<sup>st</sup>.
5. Review [Form 945 instructions](#) for when and how the tax deposits should be made – monthly or semi-weekly. Separate tax deposits are required for payroll (Form 941) and non-payroll (Form 945) withholdings.

### **If the raffle winnings, minus the wager, are more than \$5,000**

1. Complete the federal form W-2G and withhold 24%. Present the winner with his/her copies of the form when the prize winnings are distributed.
  - a. Report withholding in box 4 on the W-2G.

### 204.3 GAMBLING (RAFFLE/BINGO) WINNINGS: STATE OF IOWA REQUIREMENTS

***The State of Iowa requires the following if the net winnings (minus wager) are \$600 or more, even if the winnings are not 300 times the wager.***

1. Withhold 5% of the winnings from the check issued to the winner for Iowa Income Tax.
2. Complete W-2G, by having the winner complete a W-9, and give a copy of the W-2G to the winner.
3. Remit the 5% withheld on your next Iowa employee withholding tax payment.
4. Remit the W-2G with a transmittal form 1096 to the State of Iowa.

If winnings are less than \$600, there is no required reporting by the State of Iowa

#### **Reporting and Paying Withholding Tax to the State of Iowa**

1. Remit all gambling state withholding amounts through the Iowa Department of Revenue E-file and Pay website (same website used to remit employee state withholding).
2. Send in the W-2G to the Iowa Department of Revenue.
3. Includes these amounts on the Verified Summary of Payments (VSP) report filed electronically through the Iowa Department of Revenue's "e-file and pay" at calendar year end.

### 204.4 CAR RAFFLE

If the parish/school decides to raffle off a car, there are additional items to consider:

1. Will the parish/school pay the registration fee/taxes for the winner, or will the winner be expected to pay?
2. What if the winner decides not to accept the car?
3. Will a cash option be offered if the winner wants cash instead of the car?

#### **Withholding on a car raffle:**

Regular gambling withholding rules apply for car raffles, even when the prize is a noncash payment such as a car in which 24% of the fair market value (FMV) of the car needs to be withheld for federal as regular gambling withholdings and 5% should be withheld for the State. Since it is not possible to withhold money on a car, either the parish/school or the winner will need to pay the withholding taxes:

1. If the winner pays, 24% of the car's FMV, minus the wager, would be paid by him/her to the parish/school.

2. If the parish/school pays, then they would pay 31.58% of the car's FMV. The percentage is higher because now the winner is actually receiving the car and the amount of the withholding tax.
3. Given this method, the car's FMV plus the amount of the withholding tax will go in box 1 and the amount of the withholding tax paid will go in box 4.

Example: A parishioner purchased a \$1 ticket for a raffle conducted by St. Mary Parish. The parishioner won the grand prize of a car worth \$10,000 FMV and St. Mary's decides to pay the withholding tax for the winner. To determine this amount, they used the following calculation: \$10,000 minus the \$1 ticket = **\$9,999** x 31.58% which totals **\$3,158**. On Form W-2G, St. Mary's will report \$13,157 (calculated as \$9,999 + \$3,158) in box 1: *Reportable Winnings* and \$3,158 in box 4: *Federal Income Tax Withheld*.

## 204.5 GAMBLING TAX RESOURCES

### Federal Resources:

<https://www.irs.gov/forms-pubs/about-form-w-2-g>

### State Resources:

<https://tax.iowa.gov/iowa-tax-gambling>

## 204.6 CONTESTS

For contests where participants do not pay any money to play, a federal W-9 form and a 1099-MISC form must be completed for all winners (non-employees) of prizes valued at greater than or equaled to \$600. If the winner does not complete a W-9, withhold 24% of the winnings, file Form 945 and withhold 5% for the state.

## 204.7 EVENTS WITH ALCOHOLIC BEVERAGES

### **Serving alcohol on church property (never to a minor)**

#### **If there is no charge for the beer/wine (no distilled spirits) there is no need for a liquor license**

1. If there is an event charge, you cannot advertise that beer/wine will be served.
2. There cannot be the expectation that any payment will be needed to obtain the beer/wine.
3. No distilled spirits can be served

#### **If there is a required payment, or if distilled spirits are served, a permit is needed.**

1. 3 types of "on premise" licenses are available at the Iowa Alcoholic Beverages Division.
2. Annual or five day licenses are available
3. Designate the area where alcohol will be consumed. It can be outside.
4. The license can be transferred to another parish within the same city for a specific event; however, the license does not allow for dual locations.
5. Dram insurance is required; LMC can assist in finding an insurance provider.

6. Selling on Sunday requires a “Sunday sales privilege”.
7. Alcohol has to be obtained through a wholesaler; retain receipts proving this.

### Auctions

#### A Charitable Auction Permit is required if alcohol is included in an auction item or as a raffle prize

- Nonprofit organizations are allowed only two permits per year.
- Alcohol that will be auctioned off must be obtained from a State of Iowa licensed retailer. If someone is donating alcohol for the auction, the person donating must have purchased the alcohol in Iowa and give the organization the receipt (or copy of receipt) for the donated alcohol. No alcohol may be auctioned if not purchased in the State of Iowa.
- Organizations with a liquor license are not allowed to obtain an auction permit; however, another non-profit organization (such as Knights of Columbus) could obtain the permit and run the auction at the licensed premises.
- The fee for a charity beer and wine auction permit is \$100

### Education/Training

- a. The Iowa Alcoholic Beverage Division (ABD) offers a free training program called I-PACT ([www.iowaABD.com](http://www.iowaABD.com))
- b. Contact Information – State Licensing Division 866-469-2223 option 1
- c. CMG offers a Liquor Liability handout

# Expenditures and Related Activities

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In order to fulfill the obligation of being a good steward of the funds given, it is the responsibility of the parish/school to ensure that the funds paid are disbursed only for valid and approved expenses. Obligations for services or goods provided need to be fulfilled in a timely manner and the parish/school must ensure that proper controls are instituted and enforced during the disbursement process. This section contains information about internal controls over cash disbursements, sales/use tax and other governmental reporting, auxiliary organizations and capital (fixed) assets.

## 301 Cash Disbursements

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All disbursements should be recorded in the general ledger. Checks, not cash, should be used to pay vendors, contractors and employees. A regular schedule, such as every Thursday printing checks, helps to control the work associated with paying bills and issuing checks in the business office. The Diocesan Finance Department strongly discourages the use of hand-written checks. All checks should be pre-numbered by the check vendor. When printing checks, include the vendor's address on the check.

### 301.1 BLANK CHECK STOCK

Store blank check stock in a locked location, preferably in the safe or fireproof filing cabinet, and limit access to those who are authorized to prepare checks. This reduces the risk of stolen and forged checks.

### 301.2 SIGNING BLANK CHECKS

Never sign blank or partially blank checks. The practice of signing blank checks severely decreases the effectiveness of other cash controls established related to accuracy and propriety of transactions. Only sign checks when the payee and dollar amount are filled in and the supporting documentation (original invoice and check request) accompany the check for review by the signer. Having this information readily available makes the process more efficient if there is a question related to an expense, especially if the pastor signs checks after regular business hours. It also provides for an additional verification of the accuracy of the payment being made.

### 301.3 ELECTRONIC DISBURSEMENTS

The parish/school can decide to have vendors automatically debit their bank account to pay invoices. The Pastor should authorize all automatic payments before they are set up with the vendor. When the bank statement is received, a review should be done between the invoice and the amount debited on the bank statement to verify the correct amount was withdrawn.

Payments made by the parish via ACH to a vendor should be done following the Internet Banking Procedure (*see page 19*)

### 301.4 MANUAL CHECKS

Checks should not be handwritten. If this practice is unavoidable, consider the use of a credit card or ACH for such purchases; otherwise, a process should be in place to ensure that the disbursements are recorded accurately and timely in ParishSOFT Accounting. The parish/school should try not to wait until the bank statement is received to record the transaction. For example, if an authorized signer takes a check to a retail store, that individual would promptly submit the receipt to the bookkeeper so the transaction can be recorded, including payee, amount, date, and related expense account.

### 301.5 SETTING UP VENDORS

When setting up vendors in ParishSOFT Accounting, it is important to always enter the address and phone number for the vendor. The address will print on the check underneath the vendor name allowing the parish to follow best practices of mailing all vendor checks. It is also important to have the correct address and phone number because the vendor profiles can act as a resource when needing to contact a vendor.

### 301.6 APPROVING INVOICES

For larger parishes and schools, it is important that the appropriate department approves an invoice before a check is issued. For example, if the Religious Education program orders new text books, the Religious Education Director signs the invoice before the check is issued. The Director's signature tells the check signer that the Director is aware of this invoice, the item has been received, and the Director authorizes its payment. Smaller parishes will also want to approve invoices before preparing a check.

After the check has been prepared, attach the related invoice and present to the pastor, or his designee, with any remittance stub. Always have the pastor, or his designee, sign the check; never use a signature stamp. After the check signer has reviewed the documents and signed the check, the signer cancels the invoice by signing, initialing, or stamping it. This protects from fraud by ensuring no one will be able to request duplicate payment on an already paid invoice. Do not pay any bill without an invoice.

On the day the check is mailed, a best practice includes stamping the invoice using a "Paid" or "Mailed" stamp with the current date. The mailing date provides information for vendors who want to know when the check was mailed. It is also a best practice to have someone other than the check preparer mail the payment.

### 301.7 DEDICATED ACCOUNTS (SECOND COLLECTIONS)

For a list of the Diocesan required collections and their dates please go to:

<http://www.dmdiocese.org/second-collections2.cfm>.

All checks/cash collected by a parish for a second collection should be deposited into the parish bank account. One check should then be written by the parish to the Diocese of Des Moines. Because the checks/cash are all deposited by the parish, the parish is responsible for acknowledging the donations and adding the gift to the donor's giving record in the ParishSOFT Family Suites Module.



When a second collection is taken up by the parish, and the funds are deposited into the parish's bank account, a dedicated account should be used to record the income. When the parish writes the check to forward the funds on of the second collection (most likely to the Diocese), that same dedicated account should be used. This will clear out the balance in the dedicated account. It is recommended that every month all dedicated accounts be cleared out to \$0 to ensure timely transmittal of funds.

*See page 97 for an explanation of the Statement of Dedicated Accounts and see 174 for a list of the Dedicated Accounts.*

## 302 Taxes

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### 302.1 SALES TAXES/USE TAXES

#### Definitions

Sales tax is a tax assessed (certain percent) by the State on the sale of most goods and many services. The retailer has the burden to collect sales tax, but if the retailer should and does not, the consumer must remit to the State.

Use taxes are taxes imposed by the State to compensate for the sales tax revenue lost when an item is purchased outside of the state and provides equity for Iowa retailers. (Because the item is to be "used" in the State, the State charges a "Use Tax."). Where use tax is applicable, the consumer must remit to the State.

Even though churches are non-profit entities, they are not exempt from paying sales tax. Three rules to know:

1. Sales taxes are not paid on services unless specifically included in the Iowa Tax Code.
2. Sales taxes are paid on supplies unless specifically excluded from the Iowa Tax Code.
3. All schools are generally exempt from State sales/use tax.

It is the non-profit nature of churches, and their exemption from income tax, that can cause them problems with vendors not charging sales tax. Parishes/Schools must be vigilant when reviewing invoices for payment to be certain the necessary sales tax or use tax has been applied. If an invoice is received that does not have sales tax or use tax added, but should, contact the vendor and request a new invoice with sales tax or use tax added.

If no sales/use tax is collected and should be, then the church must remit the appropriate tax amount to the State. If the use tax charged is less than Iowa sales tax, the difference between the two taxes must be remitted to the State.

#### Sales Tax Filing Frequencies and Return Due Dates

- Annual: Less than \$120 tax per year – The return is due and payable no later than January 31 following each calendar year.
- Quarterly: More than \$120, but less than \$6,000 tax per year (\$30 - \$1,500 per quarter) – The return is due on or before the last day of the month following the end of the calendar quarter

- Monthly: More than \$6,000, but less than \$60,000 tax per year (\$500 - \$5,000 per month) – The monthly deposit is due by the 20th of the month following the month in which the tax is charged and only applies to the first two months in the quarter. (Monthly filers then file the quarterly return.)
- Semimonthly: More than \$60,000 tax a year (more than \$5,000 per month; more than \$2,500 semimonthly) – The first semimonthly deposit is for the period from the first of the month through the 15th and is due on the 25th of the month. The second semimonthly deposit is for the period from the 16th through the end of the month and is due on or before the 10th day of the month following the month of collection. However, the last semimonthly deposit of the calendar quarter is due on the last day of the month following the end of the quarter.

### 302.2 FORM 1099 INFORMATION RETURNS

It would be unusual for a parish/school not to have at least one 1099 to file annually with the Internal Revenue Service (IRS). A 1099 information return must be filed for service payments, which in total are greater than or equal to \$600, made to a service provider or contractor during the calendar year and have not been reported on the following tax forms: W-2, W-3, 941-943, 1042 or 1120S.

Sole proprietors, partnerships and LLCs taxed as sole proprietorships or partnerships should be sent a 1099 if \$600 or more was paid to the vendor within the calendar year. If a vendor does not know what type of LLC it is, assume partnership and send a 1099. Generally, 1099s are not sent to business entities set-up as corporations, but all law firms should receive a 1099-NEC for services greater than or equal to \$600. Have all prospective 1099 vendors complete IRS Form W-9. This form may be obtained from the IRS' website: [www.irs.gov](http://www.irs.gov).

#### 1099-NEC:

Beginning with the calendar year 2020 reporting, the IRS has moved non-employee compensation amounts from the 1099-MISC form to its own form called 1099-NEC. This includes:

- Payments for services performed by someone who is not your employee
- Payments to an attorney

Types of payments that would include:

- Professional fees (not expenses): attorneys, even corporations; accountants; architects
- Stipends, set payments/gift amounts for services to non-employees
- Advertising fees
- Prizes to non-employees: fair market value of merchandise; amounts paid not involving a wager (\$5 for a raffle ticket would be an example of a wager). *See page 34 for information on Gambling activities.*
- Services rendered: include "incidental" parts and materials used in providing services
- Unemployment compensation

**NOTE:** Rent paid to a sole proprietor, partnership, or LLC taxed as sole proprietorship/partnership, of \$600 or more within a calendar year, should be issued a 1099-MISC not a 1099-NEC. The amount paid should be reported in box 1 of the 1099-MISC.

#### Helpful Suggestions

Have vendors complete a W-9 before issuing checks to them. Be sure the form has been completely filled out, including address, the individual's social security number or the entity's tax identification number, type of entity (federal classification), and *signed*. W-9s do not get sent anywhere, but should be kept in a secured separate alphabetical file because of the taxpayer ID number. W-9s only need to be updated if the information on them changes. Consider periodically asking for updated W-9s to ensure the information is current.

Form 1099 can be e-filed through ParishSOFT. Please see <https://support.parishsoft.com> and search "e-file 1099" for more information.

**NOTE:** Review the Vendor Audit file in ParishSOFT Accounting (Reports>>Vendors>>Vendor Audit), before finalizing 1099 returns, for vendors that were not identified earlier.

#### Filing 1099 Information Returns

1099 forms for recipients must be postmarked no later than January 31. If 1099s are mailed early, it may be beneficial to delay sending the IRS its copies, in case any of the recipients respond back noting errors on their forms. If an error is found, a new 1099 would be prepared, rather than an "amended" 1099. Once the IRS has its copies, any changes must be sent as amended.

If any federal income tax withholding is recorded on the 1099 forms, report it on IRS form 945 which also must be filed by January 31. Form 945 reports any federal income tax withheld from non-payroll payments. Payments of such withholding are due with regular payroll withholdings. Only one form 945 is filed for a calendar year. The form may be obtained through [www.irs.gov](http://www.irs.gov).

### **303 Parish and School Credit/Store Cards**

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Disbursements should follow the cash disbursement policy which requires that a check be issued upon the receipt of an approved invoice or reimbursement request by an employee. Occasionally there will be a need by the parish/school to use a corporate credit card/store card or account to make a purchase. The following steps should be followed.

The Pastor, with the Finance Council's help, should create a credit card policy that defines the rules surrounding the use of the credit card/store card/account. The policy should include the following:

1. Identify authorized users, limited to those who really need it for making purchases. A current log of cards should be kept listing the cards issued to the church and who has physical custody of the card(s).
2. Set appropriate credit limits on cards and do not allow cash withdrawals.
3. Establish custody and safeguarding of cards when not in use (store in the office safe) to help prevent unauthorized use

4. Follow the same spending policies spelled out in the cash disbursement policy.
  - a. No personal expenses should be charged on a parish/school card
5. Establish credit policies
  - a. Identify any non-allowable expenses, e.g., entertainment, alcohol, etc.
  - b. Identify any food or travel policies.
6. The credit card/store card/account balance will be paid in full every month to avoid late charges.
7. Original receipts, noting the church/school purpose and people involved, must be submitted to the bookkeeper on a timely basis with the proper written approvals.
8. All statements should be reconciled monthly to actual receipts and reviewed for reasonableness. The reconciliation should be reviewed by the pastor/principal or their designee. No one is to review his/her own charges. The pastor/principal will want to have a member of the finance council review their charges for transparency purposes.
9. The card holder agrees to be personally responsible for the card, immediately report any errors or unauthorized use of the card, and surrender it upon termination of employment

## 304 Auxiliary Organizations

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In order for an association to be considered a fully integrated component of the parish or school, it must be recognized as such by the finance council as a matter of its written record, and it must be subject to the ultimate fiscal control of the pastor or school administrator. Examples of common auxiliary organizations would be an Altar and Rosary Society or Home and School.

For auxiliary parish/school organizations, financial activity should be recorded on the general ledger. An itemized record of receipts and expenditures should be submitted to the parish or school office monthly if the parish does not write the checks on the behalf of the auxiliary organization. This keeps the parish/school management apprised of the financial activity of the organizations. Monthly bank statements and any investment statements for auxiliary organization accounts should be sent directly to the church office for review before they are handled by the treasurer of the organization. The auxiliary organization may wish to receive their own copy of the financial institution statements.

The parish/school office should review and complete (by signing off and dating) the bank reconciliation and review the cancelled checks on a monthly basis. *See page 11, Bank/Investment Accounts.*

However, organizations are discouraged from having separate bank accounts. Such accounts may exist only with the approval by the pastor or school administrator.

The pastor or school administrator must be included as an authorized signer on all affiliated organizations that use the parish's/school's tax ID number. This ensures they are aware of all accounts in the name of the parish or school. No auxiliary accounts should be set up under a different tax ID

number. Organizations like Knights of Columbus or St. Vincent de Paul would not have their assets recorded on parish's/school's financial statements.

*For information about recording transactions for auxiliary organizations see page 20, Accounting for Auxiliary Organizations.*

## **305 Property, Plant, and Equipment**

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### **305.1 CAPITALIZATION & FIXED ASSETS**

In addition to accounting for cash receipts and cash disbursements, a parish or school must account for purchased fixed assets. Fixed assets, sometimes referred to as long-term assets, capital assets, or property, plant, and equipment, represent assets that are generally held for several years. Examples of such assets include land, land improvements, building and related improvements, equipment, furniture, fixtures, vehicles, etc.

Proper accounting requires capitalization of items purchased that are expected to have an estimated useful life of greater than one year and have a significant value. The Finance Council should establish a dollar threshold for the capitalization of fixed assets. The amount to be capitalized should be the total cost to acquire the asset.

For example, the Diocese of Des Moines has a capitalization policy whereby any improvement or purchase, that meets the definition of a Capital Asset (*see page 46 Accounting Procedures for Capital Assets*) and is \$2,500 or more, is capitalized.

While it may be customary to insure fixed assets at replacement value, insurance value appreciation should not be recorded for fixed assets.

#### Fixed Asset Records:

Every parish and school must maintain permanent records of all fixed assets. Each asset record should detail the following information:

- Asset description
- Serial number (if applicable)
- Purchase date
- Vendor or party purchased from
- Purchase price (cost only)
- Physical location
- Person responsible for asset
- General ledger account charges
- Disposal date (when applicable)

A fixed asset purchase requiring several disbursements to fully satisfy obligation need only be documented on one asset record. Examples of this include separate invoices for computers and software or a construction project.

### 305.2 CAPITALIZING VS. EXPENSING

It can be difficult to decide when to capitalize and when to expense the cost of improvements to an existing asset. In general, if an expenditure improves the efficiency, or materially extends the useful life of an asset, it should be capitalized.

### 305.3 NEW CONSTRUCTION

For purchases whereby the fixed asset is built, during the project's "in-construction" phase, a new fixed asset account is set up called "Construction in Progress". All expenditures tied to the construction of the fixed asset are recorded in the new fixed asset account "Construction in Progress". When the construction and contract are complete, the amount recorded in "Construction in Progress" is moved to the fixed asset account for the building. At this time, the new building or improvement begins to be depreciated.

*See page 51, Example 3 in Depreciation and Fixed Assets for more information on accounting for new construction.*

**Any building project costing \$50,000 or greater should be reviewed by the Diocesan Building Commission.**

**Any building project costing \$25,000 - \$49,999 requires a proxy signed by the Bishop.**

*See page 162, Diocesan Building Commission Guidelines.*

### 305.4 ACCOUNTING PROCEDURES FOR CAPITAL ASSETS

An asset is defined as a capital asset (buildings, equipment, etc.) if it meets the following criteria:

- The asset is used in the operation of the parish/school activities.
- The asset has a useful life of more than one year and provides benefit throughout that period.
- The individual asset is of significant value that is; it has a unit cost of \$XXXX (dollar amount determined by the parish/school Finance Council) or more.

An asset account should be used for items that have a unit cost of less than \$XXXX (dollar amount determined by the parish/school Finance Council) if:

- The item is an ancillary cost, such as freight, installation or other costs incurred to acquire a capital item and prepare it for use.
- The item will be used with and become an essential part of a group, system or configuration with a total value of \$XXXX or more.

Note: This situation applies only to the initial acquisition of the system - generally all the components are purchased within the same fiscal year.

### 305.5 DETERMINING USEFUL LIFE

The facts and circumstances of the asset's use should determine useful lives. The following useful lives of capital assets are presented as a general guide:

<u>Type of Capital Assets</u>	<u>Useful Life</u>
Land	not depreciated
Land Improvements	10 years
Buildings	40 years
Fixed Equipment	20 years
Major Movable Equipment	15 years
Office Equipment	5 years
Vehicles	5 years
IT Equipment	3 years

### 305.6 GUIDELINES OF CAPITAL ASSET VALUATION

The following guidelines are to be used to determine whether a particular valuation should be expensed or added to the capital asset records during the closeout of routine repair and maintenance accounts, special repair and maintenance projects, leasehold improvements, the purchase of land, equipment, or software.

#### Land Valuations:

The cost of land acquired should include:

- The purchase price
- Closing costs, such as title search costs, legal fees, and recording fees
- Costs incurred in getting the land in condition for its intended use, such as grading, filling, draining, clearing, and surveying
- Demolition costs
- Assumption of any liens or mortgages or encumbrances
- Judgments levied through damage suits
- Any additional land improvements that have an indefinite life.

#### Land Improvements:

The cost of land improvements should include:

- Culverts, fencing, flag poles, parking lots, roadways, sewer, water and electric lines, yard lighting, paving (roadways, walks, parking), shrubs, lawns, and trees.
- Any additional land improvements that have a finite life.

#### Buildings and Infrastructure:

The cost of buildings and infrastructure should include all expenditures related directly to their acquisition and construction. These costs include:

- Materials, labor (including design and supervision), overhead, and costs incurred during construction
- Legal and architectural fees
- Building permits
- Insurance premiums during the construction phase
- Materials and services furnished by other State Agencies
- Interest costs incurred during the construction of phase.

Machinery and Equipment:

This includes delivery equipment, office equipment, machinery, furniture and fixtures, and furnishings that exceed \$XXXX/unit (dollar amount determined by finance council). Costs that should be capitalized include:

- Purchase price
- Freight and handling charges
- Insurance while in transit
- Assembling and installation costs

**305.7 CAPITALIZATION OF COSTS SUBSEQUENT TO ASSET ACQUISITION**

There are four categories of expenditures that may be incurred for an asset subsequent to its acquisition. These expenditures are additions, improvements and replacements, re-installations and rearrangements, and repairs.

Additions:

(Examples: extensions, enlargement, or expansions made to an existing asset). Additions should present no major accounting problems. By definition, any addition to a capital asset is capitalized because a new asset has been created. If the addition is an item that could stand alone, i.e., a new building wing, it is a separate asset, and a separate asset and depreciation records should be maintained.

Examples of additions are as follows (coding of these transactions should be based on the work done):

- An elevator or dumbwaiter
- Fire alarm system
- Security windows
- Surveillance equipment
- Sprinkler system, Internal
- Acoustical treatment



### Improvements and Replacements:

The distinguishing feature between an improvement and a replacement is that an improvement is the substitution of a better asset-having superior performance capabilities (e.g., a concrete floor for a wooden floor) for the one currently used, whereas a replacement is the substitution of a similar asset (a wooden floor for a wooden floor). In both of these instances organizations should determine whether the expenditure increases the future service potential of the capital assets, or merely maintains the existing level of service. When the determination is made that the future level has been increased, the new cost is capitalized. If the cost is to be capitalized, the carrying amount of the old assets and associated accumulated depreciation, if applicable, should be removed,

### Reinstallations and Rearrangements:

Defined as expenditures made to provide greater efficiency or reduce costs.

If benefits from the reinstallation or rearrangement extend into future years, the expenditure should be capitalized. If the original installation cost can be estimated, along with the accumulated depreciation to date, the cost may be handled as a replacement and the procedures above should be followed. Where the original cost is not known, the reinstallation or rearrangement cost should be capitalized. If the expenditure has no measurable future benefit, it should be treated as a current period expenditure.

### Repairs:

Repairs are costs to maintain the capital asset in its original condition. There are two types of repairs: Ordinary and Major.

- *Ordinary repairs* are expenditures that keep the asset in a state of good repair. Examples of ordinary repairs are preventive maintenance, normal periodic repairs, replacement of parts, structural components, and other activities needed to maintain the asset so that it continues to provide normal service. These costs should not be capitalized but rather charged to an expense account.
- *Major repairs* are relatively large expenditures that benefit more than one accounting period (year). If a major repair, e.g., an overhaul, occurs that benefits several periods and/or extends the useful life of the asset, then the cost of the repair should be handled as an addition, improvement, or replacement and capitalized depending upon the type of repair made.

Examples of major repair activities are as follows:

- Roof and/or flashing repairs
- Window repairs and glass replacement
- Tuck-pointing
- Painting
- Masonry repairs
- Floor repairs.

### 305.8 SALE OF A FIXED ASSET

Any fixed asset that is sold for \$25,000 or more must be approved by Bishop Pates. After an asset is sold, it should be removed from the general ledger, record a gain/loss if appropriate and Catholic Mutual Group should be contacted (if applicable).

### 305.9 DEPRECIATION OF FIXED ASSETS

The Diocese of Des Moines recommends that all new fixed asset purchases be depreciated.

#### Depreciation:

Is the process of allocating the cost of an asset to expense over a number of years. In other words, depreciation recognizes the reduction in the value of an asset due to wear, technological outdateding, the passage of time etc.

#### Straight-Line Depreciation:

A fixed amount of depreciation is expensed each month over the estimated service life of the asset. The amount is calculated as follows:

$$\text{Depreciation Expense per Month} = \frac{\text{Cost}}{\text{Estimated Useful Life}} \times \frac{1}{12 \text{ Months}} = \text{Depreciation Expense per Month}$$

#### Accumulated Depreciation:

Is a contra-asset account that reduces the value of the fixed asset over time. When depreciation expense is recognized, an accumulated depreciation account is credited to reduce the total values of fixed assets. This is show that the asset is losing value.

#### Example 1:

St. X Parish purchases a car for \$20,000 on 1/1/2013. In one year, that car is no longer has a value of \$20,000. Therefore St. X Parish would show it on their Statement of Financial Position as follows on 12/31/2013:

1565 – Vehicles \$20,000

1660 – Accum Depr – Vehicles (\$4,000) (Depreciated equally over 5 years = depreciation of \$4,000 per year)

Net value of Vehicle = \$16,000

Generally Accepted Accounting Principles (GAAP) require that the amount showing in the fixed asset account remain at full cost (in the above example \$20,000). So in order to show the \$20,000 for the life of the car in #1565, another account needs to be used to show the reduction in value (#1660 – accumulated depreciation).

#### Example 2:

St. X Parish makes the following purchases during August 2013:

1. Purchased a new sound system for the Church for \$10,000. It is estimated that the life of the sound system will be 5 years.
2. Purchased a new projector for the Hall for \$3,289 it is estimated that the life of the projector will have a useful life of 3 years.

In August, when St. X enters the bill in ParishSOFT Accounting for these items, they will be coded to 1555.

#	Account	Amount	Comment	Paid	Project	1099
✘ 1	1555: Equipment A-1-1500-12	10000.00	New sound system			<input type="checkbox"/>
✘ 2	1555: Equipment A-1-1500-12	3289.00	New projector			<input type="checkbox"/>
✘ 3						<input type="checkbox"/>
Total:		13,289.00				

These items will be depreciated over the useful life of the asset. Depreciation expense is calculated:

Sound System:

$$\text{Depreciation Expense per Month} = \frac{\$10,000}{5 \text{ Years}} \times \frac{1}{12 \text{ Months}} = \$166.67 \text{ of Depreciation Expense per Month}$$

Projector:

$$\text{Depreciation Expense per Month} = \frac{\$3,289}{3 \text{ Years}} \times \frac{1}{12 \text{ Months}} = \$91.36 \text{ of Depreciation Expense per Month}$$

Beginning in the first full month following the purchases (September 2013), St X Parish sets up the following memorized transaction to record monthly:

Account No.	Acct Description	Debit	Credit	Comment
101-800030	Depreciation – Furn & Equipment	257.73		Monthly Depreciation
1650	Accum Depr – Equipment		257.73	Monthly Depreciation

Example 3

St. X Parish has renovated their parish hall. They have paid several vendors over several months. The following shows what they have paid:

<b>Amount</b>	<b>Date</b>
5,000.00	8/21/2013
4,805.00	9/1/2013
505.00	9/2/2013
15,555.00	9/5/2013
45,041.00	9/20/2013
55.00	9/21/2013
487.00	10/1/2013
48,750.00	10/15/2013
1,248.00	10/16/2013
<u>10,487.00</u>	10/17/2013
<b>\$131,933</b>	<b>Total Cost</b>

Before St. X Parish starts paying for the renovation in August, they set up a new fixed asset account and title it "Construction in Progress". During the few months of this project, they will record all bills to this account. St. X Parish has designated #1530 as their "Construction in Progress Account".

Even though St. X Parish has paid the final amount of \$10,487 on 10/17 the construction is not complete until October 31st. When the construction is complete they make the following journal entry to move the amount recorded in #1530 - Construction in Progress, to #1515 - Buildings – Hall to show that the balance of the Parish Hall has increased.

<b>Acct No.</b>	<b>Acct Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Comment</b>
1515	Buildings - Hall	131,933.00		Move finished construction
1530	Construction in Progress		131,933.00	Move finished construction

Since the construction is completed October 31<sup>st</sup>, St. X Parish begins depreciating the new renovation in November 2013. They estimate the renovation will have a useful life of 20 years and calculate the monthly depreciation as follows:

$$\text{Depreciation Expense per Month} = \frac{\$131,933}{20 \text{ Years}} \times \frac{1}{12 \text{ Months}} = \$558.05 \text{ of Depreciation Expense per Month}$$

Beginning November 30<sup>th</sup>, St. X Parish will record the following journal entry monthly over the 20 year life of the renovation:

<b>Acct No.</b>	<b>Acct Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Comment</b>
101-800010	Depreciation - Building	558.05		Hall Renovation Depr
1610	Accum Depr - Bldgs - Hall		558.05	Hall Renovation Depr

## 306 Property and Liability Insurance

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The Diocese purchases comprehensive property and liability insurance through the Catholic Mutual Group for all diocesan entities. The Diocesan Finance Council has formed a risk management committee that ensures all parishes and schools have appropriate coverage for the various types of insurance risk, and coverage is reviewed annually for any necessary changes. Parishes and schools should not purchase policies on their own. The Diocesan Finance Department administers the group plan, collects the parish and school premiums, pays the bills, and provides all of the accounting services. Parish and schools are to report claims directly to Catholic Mutual.

*For information about the levels of coverage for Property/Liability insurance, see page 56.*

### 306.1 PROPERTY COVERAGE

Property is covered for direct physical loss on an all-risk basis (e.g., fire, hail, wind, water etc.) The value on Catholic Mutual's ledger page includes the building and contents on a replacement cost basis unless otherwise specified (e.g., liability only). Newly acquired real property and the contents of the newly acquired real property used solely for church-related activities are covered for up to \$10,000,000. Parishes and schools should notify Catholic Mutual immediately upon acquisition.

A deductible of \$2,500 applies to each loss occurrence and will be incurred by the parish.

### 306.2 PROPERTY CLAIMS REPORTING INSTRUCTIONS

- If property damage occurs, parish and school staff should take whatever means are necessary to protect the property from further damage and take pictures of everything that has been affected.
- If contents are involved, separate the damaged articles from the undamaged.
- If buildings are open to the elements, arrange for temporary protection.
- Catholic Mutual Group will reimburse this expense with proper documentation.
- CONTACT CATHOLIC MUTUAL GROUP AS SOON AS POSSIBLE.

Catholic Mutual Group Contact:

Phone: 1 (800) 228-6108 Fax: 1 (402) 551-2943

Email: [reportclaim@catholicmutual.org](mailto:reportclaim@catholicmutual.org)

To report a claim online:

[www.catholicmutual.org](http://www.catholicmutual.org) >> member login

Username: 0084des

Password: Service

Click on Report a claim

### 306.3 LIABILITY CLAIMS REPORTING INSTRUCTIONS

It is important that all persons understand the scope, intent, and limitations of liability coverage. Pastors and persons holding positions of authority should exercise caution when discussing, interpreting or assuming liability.

If someone is injured on parish/school premises:

- Show pastoral concern while obtaining the pertinent facts, names, and addresses of all witnesses.
- If the injury involves some type of equipment (e.g., ladder, chair), store it in a safe place until an adjuster can take a look.
- Tell the injured person the parish/school carries liability coverage, and the incident will be referred to your carrier.
- A fair and impartial investigation will be made by an adjuster to determine the facts as to whether or not the parish is guilty of negligence.
- If possible, take pictures, but caring for the injured party is more important than pictures.
- DO NOT UNDER ANY CIRCUMSTANCES ADMIT LIABILITY or prejudice the facts. By doing so, you could be unnecessarily exposing the parish and the Diocese to a claim or to a claim which might exceed the amount of liability coverage carried.
- IT IS IMPORTANT THAT PARISH/SCHOOL REPRESENTATIVES DO NOT DISCLOSE TO ANYONE THE LIMITS OF LIABILITY COVERAGE THE ORGANIZATION CARRIES.
- CONTACT CATHOLIC MUTUAL AS SOON AS POSSIBLE – contact information on previous page.

If parish/school personnel are approached by anyone other than the Catholic Mutual Group’s adjuster, do not give that person a statement or deposition; simply refer that person to Catholic Mutual Group.

If parish/school personnel are served a Summons, refer this promptly to Catholic Mutual Group’s adjuster, because each Summons contains a deadline.

### **306.4 AUTO CLAIMS**

Auto insurance is purchased through a third-party provider, Church Mutual Insurance Company. Every year each parish/school that has an automobile should receive an insurance card in the mail. On the back of that insurance card is the phone number that should be called if an accident occurs.

The following information should be given when contacting the insurance company:

- Date, approximate time, and place accident happened
- Description of what happened
- Year, make, model, VIN #, and color of vehicles involved
- Names, addresses, phone #s of people involved, including witnesses
- Insurance companies of the vehicles involved, agents’ names and phone #s
- Police report #
- Supplemental information such as police reports and estimates may also need to be given.

### **306.5 VOLUNTEER ACCIDENT COVERAGE**

Coverage is available for all volunteers should they be hurt while performing requested duties for a parish or school. The coverage provided is “excess” coverage which means the volunteers’ own insurance would be primary and any amounts not covered by their policy would be covered up to the

limits of coverage of the policy obtained through Catholic Mutual. A Vehicle Accident Report can be found on page 222.

### **306.6 SPECIAL EVENTS COVERAGE**

See page 155 in Diocesan-wide policies for the Special Events Coverage policy.

**306.7 SUMMARY OF COVERAGE UNDER DIOCESE OF DES MOINES PROPERTY/LIABILITY PROGRAM**

<b>Description</b>	<b>Limit of Coverage/Liability</b>	<b>Notes</b>
<b><u>Property Coverage</u></b>		
Building and Personal Property Earthquake Damage	Please refer to ledger page \$10 Million per location	\$2,500 Deductible 5% “per building” deductible. Also subject to Diocesan occurrence/annual aggregate of \$45 Million.
Flood Damage	\$10 Million per occurrence/annual aggregate	Diocesan aggregate for all losses during the term. Locations in Zones A or V subj to \$2.5 million occ/ann agg
<b><u>Other Property Coverage</u></b>		
Combined Additional Protection: Ordinance or Law Loss of Income Valuable Papers and Records Accounts Receivable Mobile Equipment Fine Arts Electronic Data Processing Equipment	\$10 Million annual aggregate Included Included Included Included Included Included Included	Diocese aggregate for all losses Nil Nil \$2,500 deductible \$2,500 deductible \$2,500 deductible \$2,500 deductible \$2,500 deductible \$1,000 deductible
<b><u>Liability Coverage</u></b>		
Bodily Injury, Property Damage, Advertising Injury, Corporal Punishment Fire Legal Liability Medical Payments to Others Cemetery Errors or Omissions Counseling Errors or Omissions Sexual Misconduct Limited Coverage Employee Benefits Errors and Omissions	\$500,000  \$500,000 \$5,000 \$500,000 \$500,000 \$7 Million annual aggregate  \$500,000	          Diocesan aggregate for all losses. \$20,000 deductible per claimant



<b>Description</b>	<b>Limit of Coverage/Liability</b>	<b>Notes</b>
Employment Practices Liability (EPL)	\$2 Million annual aggregate	Diocesan aggregate for all losses
Incidental Medical Malpractice	\$500,000	
Liquor Liability	\$500,000	
Limited Mold Coverage	\$250,000	
Unmanned Aircraft (Drone)	\$500,000	\$10,000 deductible
<b><u>Crime Coverage</u></b>		
Employee Dishonesty (Blanket)	\$250,000	\$2,500 deductible
Theft of money and Securities	\$125,000	\$2,500 deductible
Depositors Forgery (Incl. Counterfeit money)	\$250,000	\$2,500 deductible
Computer fraud and Funds Transfers (Excess of Financial Fraud)	\$250,000	\$2,500 deductible
<b><u>Directors and Officers Liability</u></b>		
		Additional limits provided under excess liability
Directors and Officers	\$500,000	Diocesan aggregate for all losses
<b><u>Priests/Religious Coverage</u></b>		
Each Priest/Religious on assignment at covered locations		
Personal Property Coverage	\$25,000	\$100 deductible
Personal Medical Payments – per person	\$500	
Personal Liability Coverage	\$300,000	
<b><u>Excess Liability</u></b>		
General & Auto Liability	\$25 Million	Subject to a per location annual aggregate of \$50 Million
Directors and Officers	\$20 Million	Subject to a per location annual aggregate of \$40 Million

<b>Description</b>	<b>Limit of Coverage/Liability</b>	<b>Notes</b>
<b><u>Equipment Breakdown</u></b>		
Equipment breakdown (incl. Boiler and Machinery)	\$150 Million maximum	\$1,000 deductible
<b><u>Cyber Liability</u></b>		
Cyber Crime: Financial Fraud Telecommunications Fraud Phishing Attack	\$1,250,000 annual aggregate \$100,000 annual aggregate	
<b><u>Automobile Coverage</u></b>		
Bodily Injury/Property Damage (incl. Hired/Non-owned Autos)	\$500,000	Additional limits provided under Excess Liability
Uninsured/Underinsured	\$500,000	
Medical Payments	\$5,000	
Physical Damage: Comprehensive	Actual Cash Value	
Collision	Actual Cash Value	
<b><u>Volunteer Coverage</u></b>		
Excess Accident Medical	\$500,000	Volunteer's coverage primary
*The information provided above is a summary of the coverage's and limitations intended only to highlight and is not intended to detail all the provisions contained within the coverage certificate issued to the Diocese of Des Moines. Specific extensions, conditions and exclusions are listed in Certificate #8577. If there is a conflict between a statement in this Summary and the actual Certificate, the terms of the Certificate govern.		

### 306.8 HOW PROPERTY/LIABILITY INSURANCE PREMIUMS ARE CALCULATED

The Diocese purchases Property and Liability insurance as a group and therefore receives one invoice that includes all Diocesan entities. A formula has been created to break down that overall premium to calculate what is owed by each location.

#### Property Insurance

The following items are factored into the calculation to determine what premium a location will pay:

- Does the building(s) have a sprinkler
- How close is the building(s) to a fire station
- What is the construction material of the building(s)
- How many property claims have been made over the last 3 years at the location
  - The premium is not affected if the location had 1 or less claims in the past 3 years
- What dollar amount was paid out in claims over the previous 3 years at the location
  - If the location's amount of loss on the claim is 60% or less of the average of the previous 3 year's premiums, the location's premium is not affected.
- The building(s) property value as determined by Catholic Mutual

#### Liability Insurance

The following items are used to calculate the Liability insurance premiums by location:

- The number of liability claims a location has had in the previous 3 years.
  - If the location had 1 or less claims during the previous 3 years, their premium is not affected.
- The dollar amount paid out for liability claims in the previous 3 years
  - If the location's amount of loss on the claim is 60% or less of the average of the previous 3 year's premiums, the location's premium is not affected.
- Number of households at the location
  - For parishes, this number is taken out of ParishSOFT
  - For Schools, the number of students is used



# Human Resources and Payroll Activities

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The process of hiring and maintaining employees is an administrative function that requires significant governmental reporting and compliance. There are several state and federal laws that every parish/school is required to follow. In addition, the Diocese of Des Moines has several policies that must be complied with across all Diocesan entities. This section contains information about employee classification, priest compensation, payroll taxes, and employee benefits.

## 401 Employee Handbook

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Each parish/school should have an employee handbook for all lay employees. This handbook at a minimum should define the following:

- Working hours
- Time Sheet policy (if any employees are paid by the hour)
- When the payday is
- What the work week is
- Benefits offered (only applicable if any employees work 20 hours or more). *See page 69 for list of benefits offered to employees.*
- Vacation/Sick time off (should be consistent for all employees)

For a sample employee handbook (Personnel Policies and Procedures Manual), please go to:

<http://www.dmdiocese.org/human-resources-for-parishes.cfm>.

## 402 Employee Classification

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### 402.1 INDEPENDENT CONTRACTOR VS EMPLOYEE

Audits by the Internal Revenue Service revealed that over 90% of the time individuals who are listed by various organizations as “independent contractors” are, in fact, employees. Failure to properly classify an employee, and to deduct appropriate withholdings, can result in significant assessments for back taxes and penalties.

Below is a checklist to help determine whether a worker is an employee or independent contractor. No one factor “makes” the worker an employee or an independent contractor, and not all of the factors are of equal weight. *View IRS Pub. 1779 for additional information.*

Factors indicating the existence of an employment relationship:

- The parish/school has the right to require compliance with specific instructions.
- The worker’s job is an integral part of the parish’s/school’s business.
- The parish/school has the right to require the worker to personally render services.
- There is a continuing relationship between worker and parish/school outside the contract.
- The work is done on parish/school premises.

- The parish/school has the right to require oral or written reports by the worker.
- The worker is paid by the hour, week, or month
- Each party has the right to terminate the relationship without incurring liability.

Factors indicating the existence of an independent contract:

- The worker carries worker's compensation insurance.
- The worker files a Schedule C or Schedule C-EZ.
- The worker pays self-employment tax and makes estimated tax payments.
- The worker is highly trained or skilled.
- The worker has the right to hire and supervise. Worker pays assistants.
- The worker has the right to establish his or her own hours of work.
- The worker is paid by the job.
- The worker furnishes his or her own tools and materials.
- The worker has made a significant investment.
- The worker can realize a profit or loss under the contract.
- The worker is employed by more than one firm at a time.
- The worker makes his/her services available to the general public.

The IRS will officially determine a worker's status if Form SS-8 is filed.

Note: Generally workers cannot be an employee and an independent contractor. They cannot receive a W-2 and a 1099-MISC tax form.

#### **402.2 PARISH MUSICIAN CLASSIFICATION**

The Internal Revenue Service (IRS) issued a determination letter, (SS8 2010020002), which ruled that a musician who was paid by a church to perform at weekly services was an employee of the church and not an independent contractor. The determination letter included the following findings:

- The musician's services were a necessary part of the church's activities,
- The musician did not advertise his/her services or perform similar services for others,
- The musician performed his/her services under the church's name,
- The musician had a continuous relationship with the church as opposed to a single transaction, and
- Both parties retained the right to terminate the relationship without incurring liability.

The relationship of employee and employer exists when the person for whom the services are being performed has the right to control and direct the individual who is performing the services. It is not necessary that the employer actually direct or control the individual, only that the employer has the right to do so is sufficient.

Whether an individual is an employee or an independent contractor under the common law requires the consideration of evidence of control, or lack thereof. The IRS has ruled that if the relationship of an employer and employee exists, any designation or description of an employee as an independent contractor will be disregarded.

The IRS identified the following factors that indicate control and result in an employer/employee relationship:

1. The worker is required to comply with another person's instruction about when, where, and how he or she is to do the work. It does not matter if the instructions are oral and given only once at the beginning of the relationship, nor does not matter if some employees work without receiving instruction because they are highly proficient and very conscientious or the duties are simple or familiar to them.
2. The worker's services are integrated into the business operations.
3. There is a continuing relationship between the worker and the person for whom the services are performed.
4. Set hours are established, or, if the nature of the work makes fixed hours impractical, workers are required to be on the job at certain times.
5. The work is performed on the premises of the person for whom services are performed (especially if the work could be done elsewhere).
6. Payment is made by the hour, week, or month, unless the method of payment is just a convenient way of paying a lump sum agreed to as the cost of a job. A guaranteed minimum salary or a drawing account also indicates control.
7. The person for whom services are performed furnishes significant tools, materials, and other equipment.

The IRS has ruled that the Church retains the right to change the musician's methods and to direct him/her to the extent necessary to protect the church's financial investment. The IRS further noted that the musician(s) did not invest capital or assume business risk and, therefore, did not have the opportunity to realize a profit or incur a loss as a result of the services he/she performed for the Church.

Therefore, all compensation to musicians should be considered wages and subject to employment taxes. Musicians should be classified as nonexempt employees (*see page 64 for more information about nonexempt employees*) and are subject to all Fair Labor Standards Act (FLSA) provisions including the payment of overtime. In NO situation should a nonexempt employee be classified as exempt to avoid minimum wage and/or overtime regulations.

Because musicians are nonexempt employees, payment of a stipend or flat fee is not permitted. All nonexempt employees are required to account for hours and fractional hours worked with a timesheet. Hours for assigned rehearsal and performance should be recorded and compensated. If a nonexempt employee is paid a salary, a timesheet should continue to be required to monitor overtime, minimum wage, and multiple wage and hour compliance reporting regulations. Timesheets should also be used to record any sick and vacation time off for all nonexempt employees.

Musicians may, at their discretion, opt to serve as volunteers and decline compensation.

Music Directors may be classified as exempt employees if they meet the supervisory duties exemption (*see page 64 for more information about exempt vs. non-exempt employees*).

In situations in which a parish is able to obtain substantive documentation that a musician operates a business providing music services to other parties AND provides their own equipment, such a musician may be compensated as an independent contractor. Any person using church owned equipment is considered an employee. Substantive documentation of an independent business should include printed copies of: advertisements, business card, websites, or other proof of independent business operations. As with all independent contractors, a Form W-9 is to be obtained prior to making any payments. Annual payments in excess of \$600 are reported on Form 1099 in compliance with IRS regulations.

#### **402.3 EXEMPT VS NONEXEMPT EMPLOYEES**

Each employee must be classified as either exempt or nonexempt according to the regulations of the Fair Labor Standard Act (FLSA). Employees are classified as "exempt" or "nonexempt" based on the kind of work they do. For most employees, whether they are exempt or nonexempt depends on:

- How much they are paid,
- How they are paid, and
- What kind of work they do.

##### Exempt Employees

Most employees must meet all three of the following "tests" to be classified as exempt:

- Be paid at least \$23,600 per year (\$455 per week),
- Be paid on a salary basis, and
- Perform exempt job duties.

To qualify as exempt job duties, the employee must be employed with bona fide executive, administrative, professional or outside sales duties. These requirements are outlined in the FLSA Regulations (promulgated by the U.S. Department of Labor).



### Executive Exemption

- a. The employee's primary duty must be managing the organization or managing a recognized department or subdivision of the organization.
- b. The employee must customarily and regularly direct the work of at least two or more other full-time employees or their equivalent, and
- c. The employee must have the authority to hire or fire other employees, or the employee's suggestions and recommendation as to hiring, firing, advancement, promotion or any other change of status of other employees must be given particular weight.

### Administrative Exemption

- a. The employee's primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers, and
- b. The employee's primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.

### Professional Exemption

- a. The employee's primary duty must be the performance of work requiring advanced knowledge, defined as work which is predominantly intellectual in character and which includes work requiring the consistent exercise of discretion and judgment.
- b. The advanced knowledge must be in a field of science or learning, and
- c. The advanced knowledge must be customarily acquired by a prolonged course of specialized intellectual instruction.
- d. To qualify for the Creative Professional employee exemption, the employee's primary duty must be the performance of work requiring invention, imagination, originality or talent in a recognize field of artistic or creative endeavor.

### Computer Employee Exemption

- a. The employee must be employed as a computer systems analyst, computer programmer, software engineer, or other similarly skilled worker in the computer field performing the duties described below.
- b. The employee's primary duty must consist of:
  - i. The application of systems analysis techniques, and procedures, including consulting with users, to determine hardware, software or system functional specifications;

- ii. The design, development, documentation, analysis, creation, testing or modification of computer systems or programs, including prototypes, based on and related to user or system design specification;
- iii. The design, documentation, testing, creation or modification of computer programs related to machine operating systems; or
- iv. A combination of the aforementioned duties; the performance of which requires the same level of skills.

Outside Sales Exemption

- a. The employee's primary duty must be making sales (as defined in the FLSA), or obtaining orders or contracts for services or for the use of facilities for which a consideration will be paid by the client or customer; and
- b. The employee must be customarily and regularly engaged away from the employer's place or places of business.

In general, the following diocesan positions are considered exempt:

- Business Manager
- Counselors
- Principal
- Program Director(s) or Manager(s)
- Pastors
- Teachers

Prior to classifying any other employees as exempt, the approval of the diocesan Human Resources Director is required.

Exempt employees are not entitled to overtime pay. Timesheets should be used to record sick and vacation time off for all exempt employees.

Nonexempt Employees

Any employee not covered by one of the exemptions listed above shall be classified as nonexempt. Nonexempt employees are employees who, because of the type of duties performed, the usual level of decision making authority, and the method of compensation, are subject to all Fair Labor Standards Act (FLSA) provisions, including the payment of overtime.

Nonexempt employees are protected by the FLSA and must be compensated for all hours worked overtime at the premium (time-and-one-half) rate of pay. Employees working more than 40 hours in any week should be compensated for overtime for that week. In NO situation should hours be transferred to another week to avoid overtime calculations. The use of Comp time in lieu of overtime is not allowed for any diocesan employee. (Comp time is when an employee works extra overtime hours

in one work week and instead of being paid for those hours in that work week, takes time off the next work week without using vacation/sick/PTO hours).

In general, the following positions are considered nonexempt:

- Cafeteria workers
- Custodial or Grounds Care worker
- Daycare workers
- Musicians (*see page 62 for more information about Parish Musicians*)
- Secretaries
- Teaching Associates

In NO situation should a nonexempt employee be classified as exempt to avoid minimum wage and/or overtime regulations. Employees performing exempt and nonexempt duties in the same workweek are normally nonexempt in that workweek. All employees, except those listed as exempt positions above, should be classified as nonexempt. Questions regarding proper employee classification should be directed to the diocesan Human Resources Director.

All nonexempt employees are required to account for hours and fractional hours worked with a timesheet. If a nonexempt employee is paid a salary, a timesheet will continue to be required to monitor overtime, minimum wage, and multiple wage and hour compliance reporting regulations. Timesheets should be also used to record sick and vacation time off for all nonexempt employees.

## 403 Priest Compensation Explanation

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**NOTE:** To see the most recent Priest Compensation letter approved by Bishop, go to <https://www.dmdiocese.org/resources/finance/compensation-for-priests>

### 403.1 PRIEST AUTO AND MILEAGE ALLOWANCE

There is no separate auto allowance (auto allowance is included in the priest's salary), but any priest who submits mileage will be reimbursed at the current rate allowed by the IRS (found at [www.irs.gov](http://www.irs.gov)).

Note: The priest must maintain a written log of his mileage, listing dates and business purpose.

#### Accounting:

Record any reimbursement for excess mileage in 101-720040, "Mileage/Travel".

### 403.2 PRIEST FOOD ALLOWANCE

Similar to the auto allowance, there is no separate food allowance; it is included in the priest's salary. It should not be separated out.

### 403.3 PRIEST HOUSING

The parish/school is to provide housing at no cost to the priest following the Priest Housing Policy approved in 2009 (*see page 162 Priest Housing Policy*). Typically this housing is owned by the parish but

occasionally the priest will live elsewhere. When this is the case, he and the Finance Council arrange for rent to be paid directly by the parish or a financial reimbursement. If the priest is living in a parish owned house, a market value should be determined for renting the house to quantify the benefit he is receiving. Finance Councils must approve a housing letter on an annual basis prior to January 1<sup>st</sup>, containing the value of the housing benefit the priest is receiving. Include utilities in this value. The priest will need this letter to complete his taxes.

*See page 230 for an example of a Priest Housing Letter for a Priest living in a parish owned Rectory.*

#### **403.4 PRIEST HOUSEHOLD EXPENSES**

The normal household expenses that are covered include laundry needs, kitchen supplies, bathroom supplies, (this does not include personal grooming items), bedding, newspaper, everyday household items (does not include large expenditures such as furniture and appliances).

A certain amount per month (\$225/month for FY2017) can be spent on communication technology which includes cell phone, high speed internet and basic cable TV, if applicable. This is not a complete list and it may vary somewhat from parish to parish. The parish can either pay these expenses directly (up to the amount determined in the letter) or can reimburse the priest if receipts and documentation are turned in. To determine the current amount allowed see the Priest Compensation letter at the link above.

##### Accounting:

Record all priest housing allowances and expenses in program 105.

#### **403.5 PRIEST CONTINUING EDUCATION/RETREAT ALLOWANCE**

Priests are given an allowance each year for continuing education and retreats. To find the current amount allowable please see the Priest Compensation Letter. Up to \$400 of this allowance may be used for books, mileage, periodicals, or other resources. Receipts and documentation need to be turned in to receive reimbursement.

##### Accounting:

Record reimbursements for the Continuing Education/Retreat Allowance in the following expense accounts:

- 101-7200-20 Continuing Education Fees
- 101-7200-10 Textbooks and Resources
- 101-7200-30 Meals/Lodging
- 101-7200-40 Mileage/Travel

#### **403.6 MASS STIPENDS**

At the beginning of the fiscal year, priests have the option of retaining all Mass Stipends received or electing to take a monthly amount (currently \$100/month for FY2022) as specified in the current Priest

Compensation Schedule (found here <https://www.dmdiocese.org/resources/finance/compensation-for-priests>). (\$100 per month from the parish and giving all stipends received to the parish.

Accounting:

Record Mass Stipends received in 101-420009: Mass Stipends. Whether the priest chooses to retain the actual Mass Stipends received, or take the \$100 per month option, pay him through payroll and record in 101-501001: Priests' Salaries. This money is W-2 income to the priest.

#### **403.7 WEEKEND ASSISTANCE**

Weekend assistance is reimbursed to retired priests per the amounts listed on the current Retired Priest Compensation Schedule (found at <https://www.dmdiocese.org/resources/finance/compensation-for-priests>). Mileage is to be paid at the current IRS rate to the retired priest (found at [www.irs.gov](http://www.irs.gov)). If the coverage is provided by a religious community outside the diocese, the stipend is to be negotiated with the respective order. If the coverage is provided by an Active priest the stipend (if arranged for) should be provided to his parish/employer.

Accounting:

Record the money paid to the retired priest/order/parish in expense account 101-501003: Priests-Extra Services. If the amount paid to a retired priest is \$600 or greater in a calendar year, the parish is required to provide a tax form 1099-Misc to him.

If a retired priest provides frequent weekend assistance, the parish could treat the priest as a part-time employee and treat the amounts paid as salary.

#### **403.8 STOLE FEE**

Stole fees are offerings made upon the occasion of celebrating sacraments such as weddings, funerals, and baptisms. Only retired priests and priests outside the Diocese are entitled to these fees. The parish priest is to deposit all stole fee offerings in the general fund of the parish.

#### **403.9 PRIEST RETIREMENT**

If a priest chooses to receive the parish/school retirement contribution, they must sign up for a 403b plan with Christian Brothers. No other retirement plans can receive a contribution from the parish/school. Once a priest has signed for the Christian Brothers 403b plan, they are eligible to receive up to a \$125/month match (2017 value) from the Parish. For the most current match figure required by the parish/school see the Priest Compensation Letter at <http://www.dmdiocese.org/compensation-for-priests-and-religious.cfm>.

## **404 Employee Benefits**

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All parishes/schools in the Diocese of Des Moines benefit from participation in group benefit plans for their employees. This participation requires that all entities understand and follow the requirements of the plans. All active employees who regularly work 28 or more hours per week are eligible for the

employee insurance types explained below unless otherwise noted. LaMair-Mullock-Condon (Employer Administrative Services) is the administrator for the following insurances/plans:

- Health/Dental/Vision/Life/Disability Insurance
- Flex/Dependent Care Plans

It is the responsibility of each parish/school business manager/bookkeeper to inform all benefit eligible employees about the employee benefit programs to which they are entitled.

Below is a list of all the employee benefits available through Diocese of Des Moines.

#### **404.1 INSURANCE BENEFITS**

##### Medical Insurance

- Required to be offered at all locations to all eligible employees.
- Eligible employees are employees who are working 28 or more hours each week.
- The parish/school must contribute at least 70% of the lowest cost of single coverage plus 50% of the extra for dependent coverage effective June 1, 2009. If the employer wants to change the portions the employee and employer are paying, they must contact the Diocesan Human Resources Department before doing so. Changing it without first notifying the Diocese could affect our grandfather status with the Affordable Care Act.
- The premiums are paid to LaMair-Mullock-Condon (Employer Administrative Services) monthly.
- All Priest health insurance is handled at the Diocese. No Parish/School transaction is necessary.

##### Dental Insurance

- Required to be offered at all locations to all eligible employees
- Eligible employees are employees who are working 28 or more hours each week.
- The parish/school may or may not contribute toward the cost of the insurance. Each parish/school determines the employer contribution. The same contribution must be given to all eligible lay employees.
- The premiums are paid to LaMair-Mullock-Condon (Employer Administrative Services) monthly.

##### Vision Insurance

- Required to be offered at all locations to all eligible employees
- Eligible employees are employees who are working 28 or more hours each week.
- The parish/school may or may not contribute toward the cost of the insurance. Each parish/school determines the employer contribution. The same contribution must be given to all eligible lay employees.
- The premiums are paid to LaMair-Mullock-Condon (Employer Administrative Services) monthly

##### Flexible Spending Account/Dependent Care

- Required to be offered at all locations to all eligible employees
- Eligible employees are employees who are working 28 or more hours each week.

- Flexible Spending Plans allow an employee to deduct up to \$2,600 per year (2017 amount), pre-tax, for unreimbursed medical expenses and up to \$5,000 (filing jointly) for dependent care expenses (2017 amount). See [www.irs.gov](http://www.irs.gov) for current maximum amounts.
- The parish/school must pay 100% of the administration fee. If an employee elects to have a debit card for their medical flex, the employee pays for the cost of the card.
- The flex provider (currently Kabel Business Services) directly debits the parish's/school's bank account for fees and deductions.
- Expense the Administrative Fee to account 5100-60 "Cafeteria Plan."

#### Long-Term Disability Insurance

- Required at all locations to all eligible employees
- Eligible employees are employees who are working 28 or more hours each week
- For all eligible employees, the parish/school must pay 100% of the premium
- Expense the premium to account number 5100-25, "Disability Insurance" at the time of the monthly payment to LaMair-Mulock-Condon (Employer Administrative Services).

#### Group Term Life Insurance

- Required at all locations to all eligible employees
- Eligible employees are employees who are working 28 or more hours each week.
- For all eligible employees, the parish/school must pay 100% of the premium.
- Expense the premium to account number 5100-20 "Life Insurance" at the time of the monthly payment to LaMair-Mulock-Condon (Employer Administrative Services).

#### Voluntary Group Term Life Insurance

- Required to be offered at all locations to all eligible employees
- Eligible employees are employees who are working 28 or more hours each week
- The employee pays 100% of the premium.
- The premium should be withheld **POST** tax (this is not a tax deductible employee benefit).
- The premiums are paid to LaMair-Mulock-Condon (Employer Administrative Services) monthly.

#### Critical Illness Insurance

- Required to be offered at all locations to all eligible employees
- Eligible employees are employees who are working 28 or more hours each week
- The employee pays 100% of the premium.
- The premium should be withheld **POST** tax (this is not a tax deductible employee benefit).
- The premiums are paid to LaMair-Mulock-Condon (Employer Administrative Services) monthly.

#### Short-Term Disability

- Required to be offered at all locations to all eligible employees
- Eligible employees are employees who are working 28 or more hours each week
- The employee pays 100% of the premium.
- The premium should be withheld **POST** tax (this is not a tax deductible employee benefit).
- The premiums are paid to LaMair-Mulock-Condon (Employer Administrative Services) monthly.

### Accident Insurance

- Required to be offered at all locations to all eligible employees
- Eligible employees are employees who are working 28 or more hours each week
- The employee pays 100% of the premium.
- The premium should be withheld **POST** tax (this is not a tax deductible employee benefit).
- The premiums are paid to LaMair-Mullock-Condon (Employer Administrative Services) monthly.

### Legal Insurance

- Required to be offered at all locations to all eligible employees
- Eligible employees are employees who are working 28 or more hours each week
- The employee pays 100% of the premium.
- The premium should be withheld **POST** tax (this is not a tax deductible employee benefit).
- The premiums are paid to LaMair-Mullock-Condon (Employer Administrative Services) monthly.

For more information about the insurance benefits offered please visit the Diocesan website:

<http://www.dmdiocese.org/career-benefits.cfm>.

### **404.2 EMPLOYEE RETIREMENT (403B)**

Participation in the Christian Brother's 403(b) Plan is required to be offered to all priests and all lay employees who work 20 hours or more per week. This Christian Brother's Plan is the only plan to be funded by employer contributions. No other company may be used.

Priests have their own matching amount as stated in the Priest Compensation letter. *See page 69 Priest Retirement*. The most current Priest Compensation letter can be found here:

<http://www.dmdiocese.org/compensation-for-priests-and-religious.cfm>.

Matching Formula for lay employees:

**Effected 7/1/2017, all locations must match 50% of the employee's contribution up to 8%. So the max benefit an employee can get is 4% if they are withholding 8% of their salary.**

**Note: Schools are given the option to phase this change in, if it will result in additional cost. Full implementation of matching 50% up to 8% must take place by July 1, 2021.**

Employees are eligible for the employer match immediately. The matching contributions by the employer are on a 3 year graduated vesting schedule. The vesting schedule is as follows:

- After year one, employee is 33% vested in the employer match
- After year two, employee is 66% vested in the employer match
- After year 4, the employee is 100% vested in the employer match

Taxes:



The amount deducted from the employee’s pay check is considered non-taxable income for current federal and state income tax purposes. The employee pays tax on the amounts deferred when withdrawn from Christian Brothers Services.

Payment to Christian Brothers:

As mandated by the Internal Revenue Service, all 403b withholding and contribution **payments must be made within 14 days of the employee’s paycheck**. Payment can be made via electronic transfer to Christian Brothers or check.

Beginning July 1, 2017, all locations must submit their payment information electronically. This is the information about what is being withheld and matched for each employee. This information needs to be entered onto the Christian Brothers website every time a payment is sent. For information on how to log onto the Christian Brothers website please go to: <http://www.dmdiocese.org/human-resources-for-parishes.cfm> and complete the Authorization for Administrator Web Access form.

For general questions about the Retirement plan, please contact:

Diocesan Human Resources: 515-237-5085

LaMair-Mulock-Condon (Employer Administrative Services) Phone: (515) 237 – 0134

Christian Brothers Contact Information: Phone: 1-800-807-0100 ext. 2631 Website: [www.cbsservices.org](http://www.cbsservices.org).

**404.3 TAX DEDUCTIBILITY OF EMPLOYEE BENEFITS**

<b>Deduction Type</b>	<b>NOT Subject To</b>
Health Insurance	Federal, State, Medicare, and Social Security
Dental Insurance	Federal, State, Medicare, and Social Security
Vision Insurance	Federal, State, Medicare, and Social Security
Flex/Dependent Care	Federal, State, Medicare, and Social Security
Voluntary Life Insurance	None
Critical Illness	None
Accident Insurance	None
Short-Term Disability	None
Legal Insurance	None
Retirement (403b)	Federal and State

**405 Payroll Taxes**

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**405.1 SOCIAL SECURITY (FICA) & MEDICARE TAXES**

Social Security: These taxes are commonly referred to as FICA (the Federal Insurance Contribution Act) and are levied on both employees and employers for the aged and disabled population. For 2017, the government requires that 6.2% of the employee’s gross wages be withheld for Social Security up to the first \$127,200 (2017 figure) of total wages annually. The employer must match that amount. For the updated amounts, please go to [www.irs.gov](http://www.irs.gov).

Medicare: Designed to alleviate the high medical care costs incurred for citizens over the age of 65, these taxes are levied on both the employees and employers. For 2017, the rate of tax is 1.45% of the employee's total wages. There is no wage limit on Medicare taxes. The employer must match that amount. For the updated amount, please go to [www.irs.gov](http://www.irs.gov).

Priests, Deacons, and Religious Sisters are considered by the government to be self-employed for Social Security and Medicare Tax purposes; therefore, the church should never withhold or pay taxes for Medicare and Social Security (FICA) for clergy.

## 405.2 FEDERAL/STATE INCOME TAXES

### Lay Employees:

The Federal government and the State of Iowa require employers to withhold from employees for federal and state income tax. The amount withheld depends on marital status, the employee's taxable wages, and allowances the employee claims. All new employees must fill out two W-4 forms, one for the federal government and one for the state government, upon being hired to establish the amount being withheld. **Lay employees must use the tax tables** (i.e. they must specify a number of allowances). A lay employee is not allowed to designate a flat dollar amount or percent to be withheld from their pay check. They can designate an amount above (not below) what is calculated using the tax tables.

### Clergy:

**Priests and deacons are not required to withhold anything for federal and state income tax;** however, they may designate an amount to withhold. Unlike lay employees, priests and deacons can specify a flat dollar amount to be withheld every paycheck. The priest/deacon and his tax accountant should determine the amount to withhold. Priests and deacons are not exempt from paying quarterly estimates, if necessary, because priests are generally considered employees for income tax purposes.

## 405.3 IMPORTANT TAX FORMS

Form W-4 (State/Federal): Both forms (one for state and one for federal) should be filled out by new employees when they are hired. **If an employee marks that they are 'exempt' on either the state or federal form, a new form must be filed out each calendar year.** Copies of both forms should be kept in the employee's personnel file.

Please see <http://www.irs.gov> to find the current W-4 for federal

Please see <http://www.iowa.gov/tax/> to find the current W-4 for the state of Iowa.

Form I-9: This form should be filled out by all new employees and sent in as per the instructions on the form. Please read the instructions with the form for more information.

Note: I-9's should be filed in a separately and not in the employee's file.

Please see <http://www.uscis.gov/> to find the current I-9 and instructions.

Form 941: This form should be filed quarterly for all federal taxes: Social Security, Medicare, and Federal Income Tax. It is due the on the 15th of the month following the end of the quarter. This form reports the payroll taxes to the IRS that the parish/school has paid and accrued for the quarter. When filing the 941, reconcile all tax payments made during the quarter to verify the parish/school has paid everything to the IRS.

Please see <http://www.irs.gov> to find current 941 form and deadlines.

Form W-2: This form should be printed and given to each employee of the parish or school at the beginning of the calendar year (reporting on information from the previous calendar year). It shows all taxable wages paid to an employee and the taxes withheld from that employee during a calendar year. Submit a copy of each W-2 to the IRS.

Please see <http://www.irs.gov> to order W-2 forms and to see deadlines.

*See page 76, Form W-2 Instructions for more information*

Form W-3: The W-3 should be submitted to the IRS at the same time as W-2s. The W-3 lists the totals for all employees' taxable gross wages and the taxes withheld from all employees during a calendar year. The W-3 is the sum of all W-2s. It is important to remember the four 941 quarterly forms submitted throughout the calendar year should total to this W-3 report. It is important to reconcile these totals.

Please see: <http://www.irs.gov> to order W-3 forms and deadlines.

*See page 78, Form W-3 Instructions for more information.*

#### **405.4 TAX PAYMENTS**

##### Federal Tax Payments

Federal taxes are paid monthly or biweekly depending on the amount of taxes. Please see the IRS Publication 15, Circular E, Employer's Tax Guide to determine when the parish/school should pay.

Federal taxes include Federal Income Tax, Social Security and Medicare. There are two ways to make Federal tax payments to the IRS:

1. Pay using a check: The payment is made by taking IRS tax form 8109 to the parish's or school's bank with a check made payable to the bank for the tax liability amount. The bank files the amount with the IRS. Form 8109 is not available online. To order this form, call 1-800-829-4933.
2. Pay online: Electronic Federal Tax Payment System (EFTPS) is the online payment processing website for the IRS. The IRS stresses the use of EFTPS over paying by check. To find out how to sign up for EFTPS call 1-800-829-4933 or go to [www.eftps.gov](http://www.eftps.gov).

##### Iowa State Income Tax Payments

Iowa income tax payments are made biweekly, monthly, or quarterly depending on the size of the parish/school's state tax liability. Go to <http://www.iowa.gov/tax/educate/filestatus.html> to see how often state taxes should be remitted.

Monthly and quarterly payments are due at the end of the month following the end of the month or quarter. For example, the first quarter ends March 31st; first quarter state income taxes are due April 30th. For biweekly payments see <http://www.iowa.gov/tax/educate/filestatus.html> for due dates.

State income tax payments must be made online. Go to [www.iowa.gov/tax/](http://www.iowa.gov/tax/) to sign up for a Business e-file Number (BEN) and to pay state income taxes. You can call 1-866-503-3453 with questions about state income tax.

### 405.5 FORM W-2 INSTRUCTIONS

If your parish is utilizing the ParishSOFT Payroll module, you can print the form W-2's on blank perforated paper that can be purchased at most office supply stores or you can submit your W-2's electronically. For more information about submitting your W-2's and W-3 electronically through ParishSOFT Accounting Payroll go to [vimeo.com/33744510](http://vimeo.com/33744510).

Print 6 copies of each employee's W-2:

- Copy A is for the Social Security Administration along with the W-3
- Copy 1 is for the State of Iowa Department of Treasury
- Copies B & C go to the employee
- Copy D is retained by the employer for their records

#### Box 1: Wages, Tips, Other Compensation:

Box 1 reports the federally taxable income of the employee. Wages in this box include the following:

- Total wages paid to the employee during the year.
- Bonuses (including Christmas bonuses), prizes and awards paid to the employee during the year.

22222		a Employee's social security number		OMB No. 1545-0008	
b Employer identification number (EIN)			1 Wages, tips, other compensation	2 Federal income tax withheld	
c Employer's name, address, and ZIP code			3 Social security wages	4 Social security tax withheld	
			5 Medicare wages and tips	6 Medicare tax withheld	
			7 Social security tips	8 Allocated tips	
d Control number			9	10 Dependent care benefits	
e Employee's first name and initial Last name Suff.			11 Nonqualified plans		12a
			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	12b	
			14 Other		12c
					12d
f Employee's address and ZIP code			15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax
			18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Box 1 excludes the following:

- Employee contributions to a 403b retirement plan
- Employee paid portions of health, dental, or vision insurance premiums

Form **W-2** Wage and Tax Statement **2014** Department of the Treasury—Internal Revenue Service  
 Copy 1—For State, City, or Local Tax Department

- Employee contributions to a flex plan
- Employee dependent care deductions

NOTE: Employee 403b contributions, employee portions of insurance premiums, flex contributions, and dependent care payments are not subject to federal and state income tax. 403b monies are subject to income tax only when withdrawn.

Box 2: Federal Income Tax Withheld:

Box 2 reports all Federal income tax which was withheld from the employee during the year.

Box 3: Social Security Wages:

Box 3 represents the employee's social security taxable income. This box includes the following:

- Total wages paid to the employee during the year.
- Bonuses (including signing bonuses and Christmas bonuses), prizes and awards paid to the employee during the year.
- Employee 403b retirement plan contributions

Box 3 excludes the following:

- Employee paid portions of health, dental, or vision insurance premiums
- Employee contributions to a flex plan
- Employee payments for dependent care plan

NOTE: Priests and Deacons are not subject to Social Security tax. Leave boxes 3 – 6 blank for all Priest and Deacon W-2s.

Box 4: Social Security Tax Withheld:

Box 4 represents the amount withheld from the employee for Social Security taxes. Do NOT include the employer paid portion of Social Security taxes on any W-2.

Box 5: Medicare Wages and tips:

Box 5 represents the employee's Medicare taxable income.

Most likely, this number will equal the amount recorded in Box 4. These two figures will differ if the employee makes more than the Social Security wage base limit (\$117,000 for 2014). Individuals do not pay Social Security tax on income over the Social Security wage base limit. If the employee makes less than Social Security wage base limit in a year, Box 5 will be the same as Box 3.

See "Box 3 Social Security Wages" above for what is to be included and not included in Medicare Wages and tips.

Box 6: Medicare Tax Withheld:

Box 6 represents the amount withheld from the employee for Medicare taxes.

Box 7: Social Security Tips

Box 8: Allocated Tips

Box 9: Advance EIC payment

Leave boxes 7 – 9 blank unless needed.

Box 10: Dependent Care Benefits:

Box 10 represents the amount the employee has paid toward Dependent Care benefits during the year. If the employee does not participate in the Dependent Care plan, leave this box blank.

Box 11: Nonqualified Plans:

Leave Box 11 blank.

Box 12a – 12d:

Record here the amount contributed by the employee for a retirement plan. Boxes 12a – 12d require a code to be in the first part of the box followed by the amount. For 403b retirement contributions, show code E in Box 12a, followed by the amount withheld from the employee for retirement during the year. In these cases, leave boxes 12b – 12d blank. If the employee does not participate in a retirement plan through payroll deduction, leave boxes 12a – 12d blank.

Box 13: Checkboxes

If the employee has had money withheld for a 403b retirement plan during the year, check “Retirement plan” in Box 13. If the employee had nothing withheld for a 403b, do not mark anything in this box.

Box 14: Other:

Use Box 14 for optional additional employee information. Label each item. Examples include health insurance premiums deducted, or educational assistance payments.

Box 15: State:

Record “IA” in Box 15, along with the Parish’s/School’s Iowa state tax ID number.

Box 16: State Wages, tips etc.:

In Box 16 record the same amount as in Box 1. State Taxable wages are the same as federal taxable wages.

Box 17: State Income Tax:

Box 17 represents the amount withheld from the employee during the year for State Income tax.

Box 18 – 20 Local Tax:

Complete boxes 18-20, if your community is subject to any local income taxes

**405.6 FORM W-3 INSTRUCTIONS**

Box A: Control Number:

Leave this box blank.

Box B: Kind of Payer:

Check 941 in this box and kind of employer is 501c Non-Govt.

Box C: Total number of Forms W-2:

Record the number of employees who are receiving a W-2.

Box D: Establishment Number:

Leave blank.

Box E: Employer Identification Number:

Record the Federal Tax ID (EIN) number here.

Box F – Employer’s Name:

Enter the same name here as submitted on the most recent Form 941

Box G: Employer’s Address and ZIP code:

Box H: Other EIN used this year:

Leave blank.

Boxes 1 – 8:

Enter the figures reported in boxes 1 – 8 on all W-2 Forms.

Box 9: Leave Blank

Box 10:

Enter the figures reported in box 10 on all W-2’s.

Box 11:

Leave blank.

Box 12a:

Enter the figures reported in box 12a from all W-2’s. You do **not** need to record the E code here.

Box 12b, Box 13 and Box 14:

Leave blank

Box 15: State/Employer’s State Tax ID Number:

Enter “IA” and the Iowa State Tax ID Number.

Boxes 16 – 19:

Enter the total of state/local wages and income tax shown in the corresponding boxes on the W-2s included with the W-3.

Verify the amount reported in each box is an accurate total of the Forms W-2. It is very important to reconcile the amounts show in boxes 2, 3, 5, 7, and 9 for Form W-3 with the corresponding 941’s for the same year.

## 406 Payroll Liabilities

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### 406.1 EXPLANATION

Payroll liability accounts are shown on the Statement of Financial Position in the liability section. They are part of the 2000 account series. These accounts show the amounts withheld from employees but not yet paid to either the government or the provider (e.g., LMC, Kabel, etc.). Depending on how payroll is coded at the parish/school, these accounts could also include the amounts that the parish/school is contributing towards an employee for FICA/Medicare taxes, insurance premiums or retirement.

### 406.2 RECONCILIATION

At the end of each month, the parish/school should be able to explain any balance showing in the 2000 series of accounts. It is important that these accounts are reviewed at least monthly to ensure that an employee is not having more or less withheld than they should. It is also important to review these accounts to make sure that the parish/school is regularly paying their liabilities to the appropriate organization (IRS, LMC, Christian Bros etc.). *(See page 75 for information on when taxes should be paid. See page 72 for information on when retirement contributions should be paid.)*

The account balance report, (reports>>accounts>>account balance) can be very helpful when reviewing these accounts to determine what is included in the balance. This report will show all of the ins and outs (credits and debits) during a specified period of time.

The payroll liability accounts are reviewed during the Parish/School Internal Review.

## 407 Affordable Care Act

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### 407.1 AFFORDABLE CARE ACT: WHAT IS IT?

- Requires all individuals to have health insurance – this is called the “Individual Mandate”.
- Prohibits insurance companies from denying coverage due to “pre-existing conditions”.
- Establishes minimum standards for health insurance policies. Also referred to as “minimum essential coverage”.
- Creates health insurance exchanges for individuals without health insurance to access affordable coverage. Also referred to as “health market exchanges”.

### 407.2 AFFORDABLE CARE ACT: CALCULATING LARGE EMPLOYER VS. SMALL EMPLOYER STATUS

Under the employer shared responsibility provision of the Affordable Care Act (ACA), employers with 50 or more full-time equivalent (FTE) employees must file form 1094c and 1095c. Employers with less than 50 full-time equivalents must file form 1094b and 1095b.

For purposes of the ACA, a full-time employee is defined as someone who averages 30 hours or more per week, or 130 hours or more per month.



**NOTE: The Diocesan Health Insurance plan defines a full-time employee as someone who works 28 hours or more regularly per week. The ACA definition of using the 30 hours per week should only be used for this calculation. When determining if an employee should be offered health insurance by the parish/school, the metric of 28 hours or more per week should be used.**

#### Full-Time Equivalents (FTE's):

Reflects the number of full-time employees an employer would have, based on the hours for all employees who are not full-time employees. The number of FTE's for a calendar month is determined by totaling the hours of service (including fractional hours rounded to the nearest hundredth, but not including more than 120 hours for any one employee) for all employees who are not full-time employees for that month, and then dividing by 120.

#### Example:

In a particular month from 2016, Parish X has 25 employees who are full-time currently and regularly work 35 hours/week. Parish X also has 35 employees who work 25 hours or less. To determine how many FTE's make up the 35 part-time employees, Parish X needs to add up all the hours that those 35 employees worked in that month. The 35 part-time employees are broken up as follows:

- 10 employees work 25 hours per week regularly or 250 hours per week.
- 5 employees work 15 hours per week regularly or 75 hours per week.
- 20 employees who work irregular hours, but normally less than 10 hours/week. During the month in question they worked a total of 700 hours.

In total, that calculates to 2,000 hours worked in this specific month by part-time employees (4 weeks in a month). The 2,000 is then divided by 120 hours to equal 16.67.

After the FTE's have been calculated for that month, you add that number to the amount of full time employees the parish has during the month to arrive at the employer size. In the above example, Parish X would take the 25 full time employees, plus the 16.67 FTE's to arrive at an employer size of 41.67 for this particular month.

In 2017, Parish X will do this same calculation for every month in 2016. The employer size amounts will then be averaged together to come up with an overall size for the previous calendar year. After doing this calculation for every month in the year, Parish X determines that it has under 50 FTE's in 2016, which means that in 2017, it will file the small employer forms (1094b and 1095b).

For more information about calculating your employer size, please contact the Diocesan Finance Department or LMC.

#### **407.3 AFFORDABLE CARE ACT: SMALL EMPLOYERS**

Every parish/school that has at least one employee that is on the Diocesan Group Health Plan must complete form 1094b and 1095b. **This includes Priests. Each Parish/School is responsible for reporting on their Priest even though the Diocese pays the Health insurance.** If a priest serves multiple locations, the parish that pays his full salary, is responsible for completing the 1094b/1095b forms.

In early January each location that has an employee on our group health plan (including Priests) will receive a list from LMC/Wellmark. Every employee listed should receive a form 1095b. If you see a name on the list you do not recognize please contact LMC.

NOTE: If your parish has a Priest that belongs to an Order and you pay this Priest by writing a check to their order, you do not need to complete Forms 1094b and 1095b. They will not be listed on the list from LMC.

#### **407.4 FORM 1095B**

Form 1095b can be found here: <https://www.irs.gov/pub/irs-pdf/f1095b.pdf>.

Each employee covered under the Group Health Plan will receive one of these forms.

##### Part I – Responsible Individual:

- a. Fill in the Name, SSN, DOB, and Address for the Employee (boxes 1-7)
- b. Enter “B” in box 8 for “Employer Sponsored Coverage”.

##### Part II Employer Sponsored Coverage:

**DO NOT COMPLETE** – per the IRS: “Insurance Companies entering codes A or B on line 8 will complete part II. Employers reporting self-insured group health plan coverage on Form 1095B enter code B on line 8, but not complete part II.”

##### Part III Issuer of Other Coverage Provider:

- a. In boxes 16-22 enter the information for the Parish/School.
- b. Box 18 – enter direct phone number an individual seeking additional information may call to speak to the responsible person (direct line if possible).

##### Part IV – Covered Individuals:

This section should include information about individuals covered under that employee, such as the employee themselves, their spouse, and/or any dependents. Information also needs to be entered showing which months each person was covered.

#### **407.5 FORM 1094B**

Form 1094b can be found here: <https://www.irs.gov/pub/irs-pdf/f1094b.pdf>.

This is the transmittal form that will be sent to the government with copies of all 1095b’s. Similar to the W-3 for W-2’s submitted, Form 1094b, contains parish/school information and totals.

- Box 1-2: Fill in Parish/School name and information
- Box 3-4: put in the name and phone number of the person who should be contacted if there are questions.

- Box 5-8: Address information for the parish/school
- Box 9: Enter the number of 1095B's that are being submitted
- Have the Pastor Sign and Date the form.

#### **407.6 FILING FORM 1094B/1095B**

Form 1094b and associated 1095b's should be sent to:

Department of the Treasury  
Internal Revenue Service Center  
PO Box 219256  
Kansas City, MO 64999

The forms are due to the IRS on February 28<sup>th</sup> unless filing electronically. Then it is due on March 31<sup>st</sup>.

A copy of each 1095b form should also be sent to each employee listed at the top of the form.

#### **407.7 AFFORDABLE CARE ACT: LARGE EMPLOYERS**

The forms required for employers with 50 or more FTE's are more detailed than the ones for smaller employers. While small employers only need to report on those individuals who are on the plan, large employers need to report on all employees that are eligible whether they have elected coverage or not. There are also special codes that need to be used and an 'employee required coverage contribution amount' which will be explained below.

##### Information from LMC/Wellmark

Like the small employers, in January each parish/school will receive a spreadsheet from LMC that is initiated by Wellmark for the previous calendar year. This spreadsheet will list each individual who was on the health insurance plan during the year. It will also list their birthdate and SSN. It is very important that each location review this spreadsheet thoroughly to ensure all of your covered employees are listed.

##### Priests

As with the small employers, any priest that is paid by the parish/school will be listed, even though their health insurance is paid by the Diocese. It has been determined that priests are an employee of the parish/school and therefore should be included on the parish/school's form 1094c/1095c instead of Diocese's.

NOTE: If your parish has a Priest that belongs to an Order and you pay this Priest by writing a check to their order you do not need to complete Forms 1094c and 1095c. They will not be on the list from LMC.

#### **407.8 FORM 1095C**

Form 1095c can be found here:

<https://www.irs.gov/pub/irs-pdf/f1095c.pdf>.

Each employee that is **eligible** for health insurance will receive a 1095c from the parish/school. The spreadsheet from LMC/Wellmark in January will tell the parish/school which employees elected coverage with information about their spouses/dependents if they are on the family/spouse plan. The Parish/School will then need to determine who has been offered coverage, but elected not to take it.

Part I - Employee: Boxes 1-13 will contain information about the employee and the employer.

Part II – Employee Offer of Coverage:

Line 14: Below are the codes that should be used in line 14. Depending on the circumstances with the employee, at least one of these codes should be used.

<b>Form 1095c, Part II, Line 14: Indicator Code Series 1 for “Offer of Coverage”</b>
<b>1A. Qualifying Offer:</b> Minimum essential coverage providing minimum value offered to full-time employee with employee contribution for self-only coverage equal to or less than 9.5% mainland single federal poverty line and at least minimum essential coverage offered to spouse and dependent(s).
<b>1B.</b> Minimum essential coverage providing minimum value offered to employee only.
<b>1C.</b> Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) (not spouse).
<b>1D.</b> Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to spouse (not dependent(s)).
<b>1E.</b> Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse.
<b>1F.</b> Minimum essential coverage NOT providing minimum value offered to employee, or employee and spouse or dependent(s), or employee, spouse and dependents.
<b>1G.</b> Offer of coverage to employee who was not a full-time employee for any month of the calendar year and who enrolled in self-insured coverage for one or more months of the calendar year.
<b>1H.</b> No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage).
<b>1I.</b> Qualifying Offer Transition Relief 2015: Employee (and spouse or dependents) received no offer of coverage, received an offer that is not a qualifying offer, or received a qualifying offer for less than 12 months

The common codes that will be used are 1E (Employee offered coverage) or 1H, (employee not offered coverage). 1H would be used in a case such as a new employee is hired in February, and is not eligible for insurance until March 1<sup>st</sup>. Therefore they would have 1H in January and February.

Line 15: Should contain the lowest cost health insurance option that is offered. This would be the single coverage under the HMO plan. This amount should be used on all forms even if the employee elected a higher costing plan, such as family or PPO. Line 15 should only be used if code 1B, 1C, 1D, or 1E is entered on line 14 either in the “All 12 Months” box or in the corresponding monthly boxes. Otherwise the amount should be \$0.

NOTE: Remember that the health insurance premiums change July 1<sup>st</sup>. This means that most likely, the January – June amount will be different from July – December. The only time it wouldn't be different is if there was no rate increase between fiscal years.

Line 16: Section 4980H Safe Harbor and Other Relief: A code should be filled in here only in the month where the employee elected coverage or was not eligible. If coverage was offered, and the employee opted out, line 16 should be left blank. For employees who took coverage the below codes should be used.

<b>Form 1095-C, Line 16: Indicator Code Series 2 for Applicable Section 4980H Safe Harbor Codes and Other Relief for Employers</b>
<p><b>2A. Employee not employed during the month.</b> Enter code 2A if the employee was not employed on any day of the calendar month. Do not use code 2A for a month if the individual was an employee of the employer on any day of the calendar month. Do not use code 2A for the month during which an employee terminates employment with the employer.</p>
<p><b>2B. Employee not a full-time employee.</b> Enter code 2B if the employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month. Enter code 2B also if the employee is a full-time employee for the month and whose offer of coverage (or coverage if the employee was enrolled) ended before the last day of the month solely because the employee terminated employment during the month (so that the offer of coverage or coverage would have continued if the employee had not terminated employment during the month). Also use this code for January 2015 if the employee was offered health coverage no later than the first day of the first payroll period that begins in January 2015 and the coverage offered was affordable for purposes of the employer shared responsibility provisions under section 4980H and provided minimum value.</p>
<p><b>2C. Employee enrolled in coverage offered.</b> Enter code 2C for any month in which the employee enrolled in health coverage offered by the employer for each day of the month, regardless of whether any other code in Code Series 2 might also apply (for example, the code for a section 4980H affordability safe harbor).</p>
<p><b>2D. Employee in a section 4980H(b) Limited Non-Assessment Period.</b> Enter code 2D for any month during which an employee is in a Limited Non-Assessment Period for section 4980H(b). If an employee is in an initial measurement period, enter code 2D (employee in a section 4980H(b) Limited Non-Assessment Period) for the month, and not code 2B (employee not a full-time employee). For an employee in a section 4980H(b) Limited Non-Assessment Period for whom the employer is also eligible for the multiemployer interim rule relief for the month code 2E, enter code 2E (multiemployer interim rule relief) and not code 2D (employee in a Limited Non-Assessment Period).</p>
<p><b>2E. Multiemployer interim rule relief.</b> Enter code 2E for any month for which the multiemployer interim guidance applies for that employee. This relief is described under Offer of Health Coverage in the <i>Definitions</i> section of these instructions.</p>
<p><b>2F. Section 4980H affordability Form W-2 safe harbor.</b></p>

Enter code 2F if the employer used the section 4980H Form W-2 safe harbor to determine affordability for purposes of section 4980H(b) for this employee for the year. If an employer uses this safe harbor for an employee, it must be used for all months of the calendar year for which the employee is offered health coverage.

**2G. Section 4980H affordability federal poverty line safe harbor.**

Enter code 2G if the employer used the section 4980H federal poverty line safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).

**2H. Section 4980H affordability rate of pay safe harbor.**

Enter code 2H if the employer used the section 4980H rate of pay safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).

**Note.** Codes 2F through 2H: Although employers may use the section 4980H affordability safe harbors to determine affordability for purposes of the multiemployer interim guidance, an employer eligible for the relief provided in the multiemployer interim guidance for a month for an employee should enter code 2E (multiemployer interim rule relief), and not a code for the section 4980H affordability safe harbors (codes 2F, 2G, or 2H).

The most commonly used codes are 2A, 2B, 2C, and 2H

Part III – Covered Individuals

In this section, all individuals that are covered under each employee should be listed with either their SSN or their Date of Birth. The months that each individual was covered should be check marked on the form.

**407.9 FORM 1094C**

Form 1094c can be found here:

<https://www.irs.gov/pub/irs-pdf/f1094c.pdf>.

Like the form 1094b for small employers, the 1094c form is a transmittal form that is sent to the government with all of the 1095c forms.

Part I – Applicable Large Employer Member (ALE Member)

- The parish/school information should be filled in for lines 1-6.
- The contact information for the person the IRS should contact with questions should be filled in on line 7 and 8.
- Lines 9-16 should be left blank
- Line 17 should be left blank
- Line 18 should show the number of form 1095c's are being submitted with this 1094c.
- Line 19 should have the box checked.

Part II – ALE Member Information

- Line 20 should be left blank
- Line 21 should be marked No, which means that Part VI (page 4) does not need to be completed.

- Line 22 should have D. 98% Offer Method checked. This means that the parish/school offered the minimum essential coverage (as defined by the government) to at least 98% of those who were eligible.

Part III: ALE Member Information – Monthly

- On line 23, Column (a), Yes should be marked for “all 12 months”.
- Column (b) does not need to be completed as it does not apply to us.
- Column (c) should contain the number of total employees for the parish/school for each month listed.
- Column (d) and (e) should be left blank.

Part VI – Other ALE Members of Aggregated ALE Group

Should not be completed because in Part II line 21, no was marked.

**407.10 FILING FORM 1095C/1094C**

Form 1094c and associated 1095c’s should be sent to:

Department of the Treasury  
Internal Revenue Service Center  
Kansas City, MO 64999

The forms are due to the IRS on February 28<sup>th</sup> unless filing electronically. Then it is due on March 31<sup>st</sup>.

**408 Workers’ Compensation**

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**408.1 EXPLANATION**

The Diocese purchases workers’ compensation coverage through a third party for all parish and school employees. Parishes and schools pay an allocation of the premium based on total wages and job classification. The wage data is gathered from the Statement of Activities in ParishSOFT Accounting. It is very important that if a location shares an employee, such as a priest, that only the location issuing the paycheck records the expense to an employee salary/wage expense account. The other locations that are not issuing the paycheck but are reimbursing the parish for a portion of the wage, should code the expense to other parish support (101-900050). This will avoid a duplication in wages when all data is pulled together for the Diocese.

The Diocese invoices parishes and schools annually for this coverage. Remit payments directly to the Diocesan Finance Department.

**408.2 AUDIT OF WORKERS COMPENSATION PREMIUMS**

Workers Compensation is billed at the beginning of the fiscal year. Because of this, an estimate of wages is used to determine the overall premium and the amount due by each location. The estimate of wages used is based on 2 years prior to the year being invoiced. This is due to the timing of the billing (e.g. FY2017 premiums were calculated in June 2016, before FY2016 had been completed; therefore FY2015 data was used).

After the fiscal year is completed and all wage data gathered, a correction or audit is done comparing what was estimated at the beginning of the year for wages and what was actually incurred. The parish/school will then receive either an invoice for an additional amount owed, or a credit on their diocesan account.

### 408.3 INJURIES AT WORK

A “First Report of Injury” form should be completed by the employee’s supervisor or the business manager immediately following an injury at work. This form is the first step in filing the workers’ compensation claim. The form can be found here: <https://www.dmdiocese.org/resources/human-resources/workers-compensation> along with additional instructions on reporting an injury.

LaMair-Mulock-Condon: 1 (800) 747-5652 or (515) 237-0108  
Diocese of Des Moines - Human Resources: (515) 237-5085

## 409 Outsourcing Payroll

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A parish/school can decide to outsource the payroll to a third party provider. If the parish/school decides to do this, a journal entry needs to be entered into ParishSOFT Accounting to record the expense and issued paychecks. Some third-party outsourcers such as ADP, will create a file that can be imported into ParishSOFT Accounting (usually a fee is charged by the outsourcer to create the file). For information on how to create the import file, work with your third-party outsourcer and contact ParishSOFT ParishSOFT Accounting.

The following is an example of how to record the journal entry in ParishSOFT Accounting manually instead of via import.

### Payroll Example

St. Mary’s outsources their payroll.

Fr. John Doe is paid \$2,390.00 per month and has \$125 withheld for his 403b Retirement Plan every month.

The full time Business Manager, Jane Anderson, is paid \$1841.00 per month. Jane has the following withholdings:

- \$105.87 withheld every month for health insurance
- \$14.21 for dental insurance
- \$50.00 for her flex account
- \$4.24 per month for vision insurance
- \$10 for life insurance
- 8% withheld for her 403b Retirement Plan

St. Mary’s pays the following benefits:

- \$450.15 every month for Jane’s health insurance



- \$27.48 for her dental insurance
- \$125.00 for Fr. John Doe's 403b Retirement Plan
- \$25.00 for Jane's 403b Retirement Plan

**See next page for journal entry.**

Jane enters the following Journal Entry at the end of the month into ParishSOFT Accounting:

Acct. No.	Description	Debit	Credit	Comments
1000	Checking		3,414.47	Amount actually written out in paychecks
2000	FICA W/H Payable		210.46	FICA W/H for Jane plus St. Mary's half**
2005	Federal W/H Payable		300.00	Federal W/H from employees
2010	State W/H Payable		59.00	State W/H from employees
2030	Retirement W/H Payable		350.00	Fr. John Doe's \$125 withholding plus St. Mary's match, Jane's \$75 withholding for retirement plus St. Mary's \$25 for Jane
2015	Health Insurance W/H Payable		556.02	Jane's health insurance withholding plus St. Mary's payment portion of Jane's health insurance.
2020	Dental Insurance W/H Payable		41.69	Jane's dental insurance withholding plus St. Mary's payment portion of Jane's dental insurance
2025	Cafeteria W/H Payable		50.00	Jane's flex /withholding
2015	Health Insurance W/H Payable		4.24	Jane's vision insurance withholding
2040	Other Payroll W/H Payable		10.00	Jane's life insurance withholding
101501001	Priests	2,390.00		Fr. John Doe's salary expense
101502002	Bookkeeper/Accountant	1,841.00		Jane's salary expense
101510045	FICA Tax	105.23		St. Mary's FICA expense for Jane**
101510090	Priest's Retirement	125.00		St. Mary's expense for Fr. John Doe's retirement match
101510010	Health Insurance	450.15		St. Mary's Expense for Jane's health insurance
101510015	Dental Insurance	27.48		St. Mary's expense for Jane's dental insurance
101510030	Retirement Benefit	25.00		St. Mary's expense for Jane's retirement*
	<b>Total</b>	<b>4,963.86</b>	<b>4,963.86</b>	

*\*\*Clergy NEVER have FICA/Medicare tax withheld. This amount is incurred because of non-priest employees. The IRS requires that the parish/school match the amount that is withheld from any employee for FICA/Medicare.*

**NOTE: A memorized transaction can be set up in ParishSOFT Accounting with no amounts. Each pay period the Business Manager would only need to fill in the amounts.**

# Reporting and Governance

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Two of the key controls within any organization are accountability and transparency. Parishes/schools are accountable to their donors/parents and should maintain an adequate level of transparency. Accurate and complete information must be provided in a timely manner to the Pastor, Principal, Finance Council, etc. to ensure accountability and transparency. This section contains information about the major financial reports, reporting guidelines to the finance council, and reports due to the Diocese.

## 501 Statement of Financial Position (Balance Sheet)

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Assets are listed at the top of the statement of financial position and liabilities and net assets follow below. The statement balances (hence the balance sheet title) because assets at the top equal liabilities plus net assets below.

### **Assets = Liabilities + Net Assets (Fund Balance)**

This equation is the foundation for accounting. If this equation or balance doesn't hold true, then an error has occurred.

- Assets - An asset is a resource owned by the parish/school from which future economic benefits are expected to flow to the parish/school. In short, something that adds value to your parish/school.
- Liabilities - A liability is a present obligation of the parish/school arising from past events. It is a claim against the parish/school. Meeting these claims will result in an outflow from the parish/school. In short, it is something that subtracts from the value of the parish/school.
- Net Assets (fund balance) - By manipulating the equation above, it also holds true that assets less liabilities equals net assets, as shown below. Net assets are what remain after the liabilities (claims against the parish/school by outsiders) are subtracted from assets.

### **Assets – Liabilities = Net Assets (fund balance)**

If assets exceed liabilities, the parish/school is solvent (has sufficient assets to meet the claims against the parish/school by outsiders). If liabilities exceed assets, the parish/school is insolvent (cannot meet the financial claims by outsiders against the parish/school).

#### **501.1 ASSETS**

- Unrestricted Assets – These assets represent funds that are not restricted and can be used for operations of the parish/school. Unrestricted checking accounts, short-term investments (certificates of deposit), are examples

- Restricted Assets – Restricted assets are assets that have been designated for a specific purpose by the donor or the Finance Council. Any economic benefit derived from these assets must be used for its intended purpose, therefore it is restricted.
- Accounts Receivable: Accounts Receivable represent funds that are due to the parish/school by an outside source. Examples would be School Tuition, Parish Rental fees etc.
- Fixed Assets – A fixed asset is an asset that is not considered liquid and is usually held for several years. Buildings and land owned by the parish/school are examples of fixed assets. *For more information on Fixed Assets see page 45.*

## 501.2 LIABILITIES

- Payroll Liabilities – Payroll liabilities are obligations arising because of costs associated with payroll. Retirement, health insurance, and Federal Insurance Contributions Act (FICA and Medicare) are examples of payroll liabilities. Money in these accounts means that the parish/school owes the government, health care provider, etc. *See page 80 for more information on payroll liabilities.*
- Accounts Payable – if a parish/school is accounting on an accrual basis, they would have an accounts payable balance. This figure represents the amount a parish/school owes to outside vendors at a specific point in time.
- Pre-Paid Tuition/(Deferred Revenue) – this represents funds that the parish/school has collected, but not yet earned. Examples would be tuition collected in June for the next school year. This is a liability to the parish/school because it has not been earned yet.
- Funds Held for Others – Funds held for others are used to record the temporary safekeeping of funds raised for outside or auxiliary organizations such as Altar and Rosary. Monies held in a funds held for others account represent a liability of the parish/school. See page 20 for more information on funds held for others.
- Long-Term Debt – Long-term debt is defined as debt that will be paid off over multiple years. Examples would be bonds for schools, or a bank loan.

## 501.3 NET ASSETS/(FUND BALANCE)

When the End of Year process is run at the end of the fiscal year in ParishSOFT Accounting, an automatic entry is made to the net asset accounts. The total expense is subtracted from the total income for the fiscal year for each fund and that number is posted to a corresponding net asset account.

Note: Each fund is closed to a different net asset account.

*Please see page 101 for information about how the chart of accounts identifies net assets.*

Below is a list of the six different funds and their corresponding net asset account.

- Parish (Fund/Entity 1) Unrestricted Fund Balance (3000)

- School (Fund/Entity 2) School Fund Balance (3020)
- Catechesis (Fund/Entity 3) Catechesis Fund Balance (3025)
- Foundation – Parish (Fund/Entity 4) Parish Foundation Fund Balance (3030)
- Foundation – School (Fund/Entity 5) School Foundation Fund Balance (3035)
- Cemetery (Fund/Entity 6) Cemetery Fund Balance (3040)

During the End of Year Process in ParishSOFT Accounting, the system asks the user which net asset account each fund should be closed to.

#### Example

St. X is a brand new parish on July 1, 2008, (beginning of fiscal year 2009).

One of the first journal entries St. X Parish makes when they open is to record their fixed assets. They do this by:

- Debiting the fixed asset account
- Crediting a net asset account (in this case, 3000 – Unrestricted Fund Balance).

St. X Parish has a total of \$2,700,295.00 in fixed assets. After this journal entry is made, the balance in account 3000 - Unrestricted Fund Balance is \$2,700,295.00 for the rest of fiscal year 2009

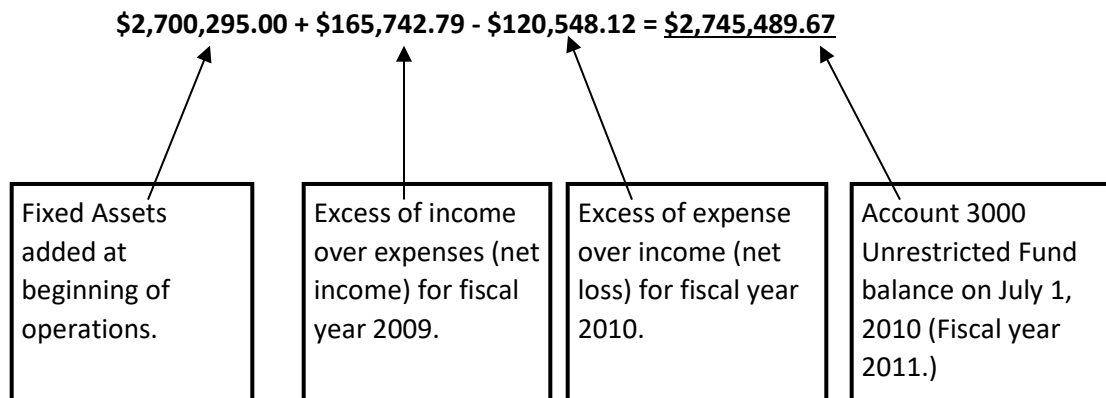
*See following page*

## Statement of Activities - St. X Church June 2009 – Fund 1

	Year to Date Actual
<b>Income:</b>	
<b>Parish Administration</b>	
101400001 Collection - Sunday Envelope	63,630.01
101400002 Collection - Christmas	4,822.00
101400003 Collection - Easter	4,306.00
101400004 Collection - Holy Days	1,074.00
101410008 Undesignated Donations	1,869.00
101410009 Votive Stand	135.49
101420006 Designated Donations	111,711.43
101420009 Mass Stipends	830.00
	188,377.93
 <b>Expense:</b>	
<b>Parish Administration</b>	
101501001 Priests	13,360.00
101501002 Pastoral Associate	0.00
101501003 Priests - Extra Services	300.00
101503001 Secretary	5,258.00
101510010 Health Insurance	0.00
101510015 Dental Insurance	102.00
101700040 Other Expenses	871.02
101700050 Postage	42.00
101700060 Printing	91.20
101700065 Copier	40.00
101750030 Technology-Software	1,753.25
101750035 Technology-Services	769.29
101900030 Bank Charges	48.38
	22,635.14
	<b>165,742.79</b>

After fiscal year 2009 is complete, St. X Parish shows \$165,742.79 as the **excess income over expense** (net income). When the bookkeeper at St. X parish goes through the end of the year process in ParishSOFT Accounting at the end of fiscal year, this amount will be automatically added to the Net Asset account 3000 (Unrestricted Fund Balance).

In the next fiscal year (fiscal year 2010), St. X parish has (\$120,548.12) excess expense over income (a net loss). The (\$120,548.12) will be automatically subtracted from the Net Asset account 3000 (Unrestricted Fund Balance). When St. X Parish starts fiscal year 2011, the balance in the net asset account 3000 (Unrestricted Fund Balance) will be:



Net Asset accounts are essentially the carryover from year to year of either the net income or net loss of the parish/school for previous fiscal years.

Current Period Changes

Since the journal entry to move the net income (income – expense) to fund balance is only done annually, “Current Period Changes” shows the total net income/loss year to date.

Dedicated Accounts

The Statement of Dedicated accounts lists all second collections and special parish collections. Because the money collected in these accounts does not belong to parish (it is owed to someone else), it is listed on the Statement of Financial Position as a Net Asset labeled “Dedicated Accounts”, under “With Donor Restrictions”.

Continued Example:

In October 2009 St. X Parish shows a year-to-date net income (Income – Expense) of \$21,450.00 per the Statement of Activities. This means that from July – October St. X parish has a net income of \$21,450.00. St. X Parish also has a total of \$1,336.58 in dedicated accounts that have not been remitted.

**St. X Parish**  
**Statement of Financial Position**  
**October 2009 - All Funds**

<b>Assets</b>	<u>Balance as of 10/31/2009</u>
<b>Cash and Investment - Unrestricted</b>	
1000 Checking - Bankers Trust	35,306.91
1090 Petty Cash	62.48
1100 Certificate of Deposit	145,421.90
	<u>180,791.30</u>
<b>Donor Restricted Cash</b>	
1310 BTC Checking Donor Restricted	7,909.08
<b>Fixed Assets</b>	
1505 Buildings - Church	2,135,000.00
1515 Buildings - Hall	561,000.00
1555 Equipment	4,295.00
<b>Total Fixed Assets</b>	<u>2,700,295.00</u>
<b>Total Assets</b>	<u><b>2,888,995.37</b></u>
<b>Liabilities</b>	
<b>Payroll Liabilities</b>	
2005 Federal W/H Payable	0.00
2010 State W/H Payable	171.00
<b>Total Liabilities</b>	<u>171.00</u>
<b>Net Assets</b>	
Fund Balance	
<b>3000 Unrestricted Fund Balance</b>	<b>2,866,037.79</b>
3025 Catechesis Fund Balance	0.00
	<u>2,866,037.79</u>
<b>Dedicated Accounts</b>	
Without Donor Restrictions	0.00
With Donor Restrictions	<b>1,336.58</b>
<b>Dedicated Accounts Totals</b>	<u>1,336.58</u>
<b>Current Period Changes</b>	<b>21,450.00</b>
<b>Total Net Assets</b>	<u>2,888,824.37</u>
<b>Total Liabilities and Net Assets</b>	<u><b>2,888,995.37</b></u>

During the year-end process on June 30, 2009, \$165,742.79 was added to Unrestricted Fund Balance (3000). Because St. X Parish opened in fiscal year 2009, this account previously had a balance of \$2,700,295.00 which is the total of St. X Parish's fixed assets. The ending balance is now \$2,700,295.00 + \$165,742.79 = 2,866,037.79.

\$1,336.58 of funds that are currently recorded in a dedicated account have not been remitted.

\$21,450.00 year-to-date net income St. X Parish has generated shows on the Statement of Financial Position as "current period changes."



## 502 Statement of Activities (Income Statement)

The Statement of Activities shows revenues/expenses and the profits (losses) generated by the parish/school for a specific period. The formula for the income statement is shown below.

### Revenue – Expenses = Net Income/(Net Loss)

- Net Income – Net Income is listed on the bottom line of the Statement of Activities. A positive number indicates a profit; how much more revenue is collected during the month/year after all expenses are deducted. The parish/school is collecting revenue at a faster rate than it is spending it.
- Net Loss – A negative number listed at the bottom of the Statement of Activities reflects a net loss; more expenses are paid than revenue is collected during the month/year. In other words: the parish/school is paying expenses at a faster rate than it is collecting income.

### 502.1 PROJECTS

Projects in ParishSOFT Accounting are an additional field that can flag and group specific transactions together. For example; a parish has an annual fundraiser picnic and would like to track the income/expenses associated with this picnic. The parish bookkeeper sets up a project called “Parish Picnic” and attaches that project to every related transaction (both deposits and bills in ParishSOFT Accounting).

#	Account	Amount	Comment	Project
1	117410003: Fund Raising Income I-1-117-4100-90-0	100.00	Parish Picnic Deposit	Parish Picnic
2				
3				
Total:		100.00		

After all associated transactions have been entered and coded to the Parish Picnic project, the bookkeeper prints out a project report (Reports>>Transactions>>Projects). This report will show the total income and total expense related to the project, as well as calculate the net surplus/(deficit) from the picnic.

Projects can be used for fundraisers, building projects, restricted donations etc. and across multiple fiscal years. There is no limit on how many projects a parish/school can have.

## 503 Statement of Dedicated Accounts

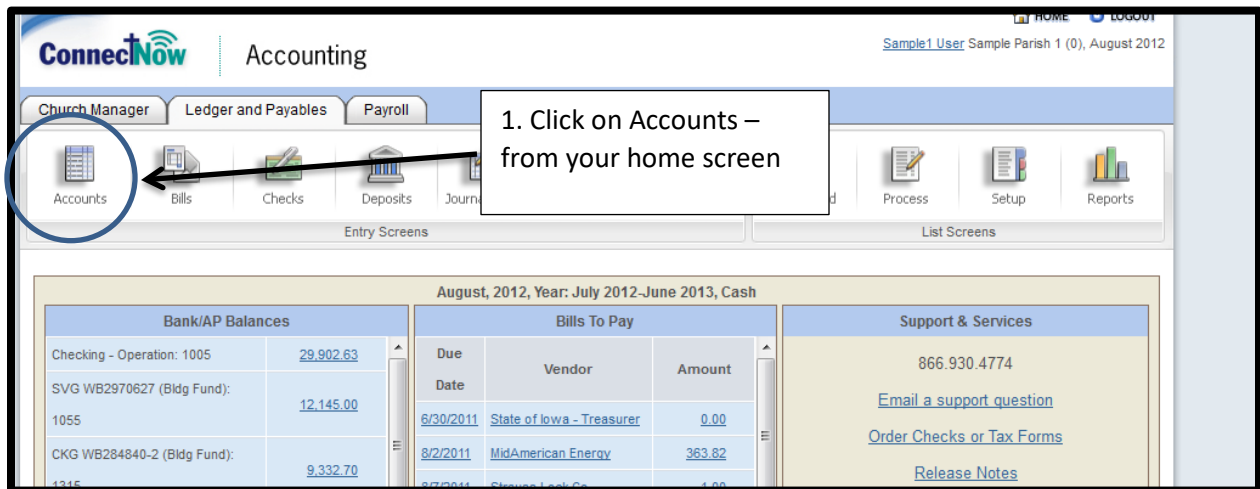
Dedicated Accounts are liability accounts where funds collected for second collections (either Diocesan or Parish) are recorded. The money is not for the parish/school, but is temporarily held before

remitting either to the Diocese (general ledger accounts in the 2200 series) or to the beneficiary of the particular parish/school collection (2300s accounts). Parish/school finance staff should remit monies in these accounts to the appropriate place within one month of collection.

Dedicated account balances are reflected in the Statement of Financial Position in the Fund Balance section and noted as "Temporarily Restricted." The Statement of Dedicated Accounts is a statement that should be reviewed monthly by the parish/school's Finance Council.

See page 40 for more information about Dedicated Accounts/Second Collections. See page 174 for a list of Dedicated Accounts.

## 504 How to Activate/Insert a New Account in ParishSOFT Accounting



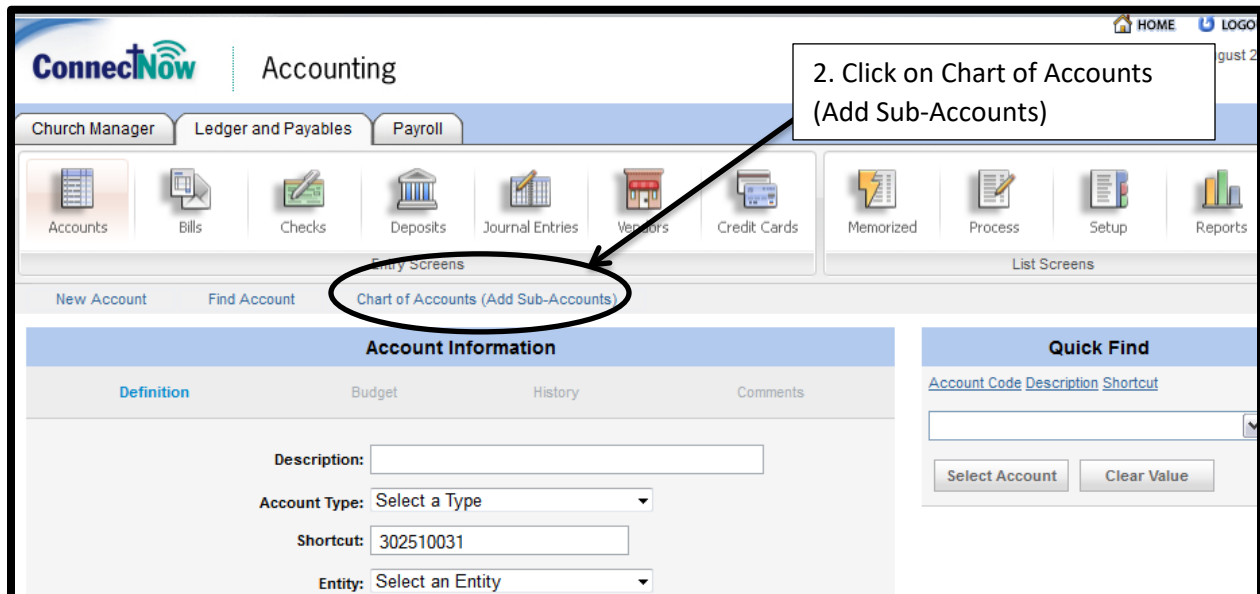
1. Click on Accounts – from your home screen

The screenshot shows the ParishSOFT Accounting home screen. The 'Accounts' icon in the 'Entry Screens' section is circled in blue. A black arrow points from a white text box containing the instruction '1. Click on Accounts – from your home screen' to the 'Accounts' icon. The page title is 'Accounting' and the user is logged in as 'Sample1 User Sample Parish 1 (0), August 2012'. The main content area displays financial data for August 2012, including 'Bank/AP Balances', 'Bills To Pay', and 'Support & Services'.

Bank/AP Balances	
Checking - Operation: 1005	29,902.63
SVG WB2970627 (Bldg Fund):	12,145.00
1055	
CKG WB284840-2 (Bldg Fund):	9,332.70

Bills To Pay		
Due Date	Vendor	Amount
8/30/2011	State of Iowa - Treasurer	0.00
8/2/2011	MidAmerican Energy	363.82

Support & Services: 866.930.4774  
[Email a support question](#)  
[Order Checks or Tax Forms](#)  
[Release Notes](#)



2. Click on Chart of Accounts (Add Sub-Accounts)

The screenshot shows the 'Chart of Accounts (Add Sub-Accounts)' screen. The title 'Chart of Accounts (Add Sub-Accounts)' is circled in black. A black arrow points from a white text box containing the instruction '2. Click on Chart of Accounts (Add Sub-Accounts)' to the circled title. The page title is 'Accounting' and the user is logged in as 'Sample1 User Sample Parish 1 (0), August 2012'. The main content area displays 'Account Information' with fields for 'Description', 'Account Type', 'Shortcut', and 'Entity'. A 'Quick Find' section is also visible on the right.

Account Information

Definition Budget History Comments

Description:

Account Type:

Shortcut:

Entity:

Quick Find

[Account Code](#) [Description](#) [Shortcut](#)

**3.** Select the type of account you want to insert: Income, Expense, Liability, Asset, or Net Asset.

**4.** Select what entity (fund) the account is for (Parish, School, RE etc). For Assets and Liabilities this will be parish.

**5.** If the account is an expense or income account, select the program; if not leave this blank.

**6.** You can leave the other three blank.

**7.** Click Search

**Chart of Accounts**

Account Type: Income  
 Entity: 1: Parish  
 Program: 111: Social Concerns  
 Category:  
 Sub Category:  
 Description:

62 records returned

**Income**  
**Social Concerns**  
**ADA Exempt Income**

- I-1-111-4200-90-01, Auxiliary Organizations, 111420001
- I-1-111-4200-90-02, Bequests, 111420002
- I-1-111-4200-90-03, Building Fund Income, 111420003
- I-1-111-4200-90-04, Capital Campaign Income, 111420004
- I-1-111-4200-90-05, Cemetery Income, 111420005
- I-1-111-4200-90-06, Designated Donations, 111420006

I-1-111-4200-90-13, Capital Gain/Loss, 111420013

I-1-111-4200-90-14, Extraordinary In

[Add Sub-Account](#)

**Auxiliary Income**

I-1-111-4100-90-01, Bazaars, 11141

I-1-111-4100-90-02, Bulletin Advertis

I-1-111-4100-90-03, Fund Raising Inc

I-1-111-4100-90-04, Interest Income, 111410004

I-1-111-4100-90-05, Offerings, 111410005

I-1-111-4100-90-06, Parish Social Functions, 111410006

I-1-111-4100-90-07, Rental Income, 111410007

I-1-111-4100-90-08, Undesignated Donations, 111410008

I-1-111-4100-90-09, Votive Stand, 111410009

I-1-111-4100-90-10, Miscellaneous Income, 111410010

I-1-111-4100-90-11, Literature Sales, 111410011

8. Scroll down and find the account you want to insert. Then check mark the box next to the account.

I-1-111-4300-90-25, Tuition Assistance, 111430025

[Add Sub-Account](#)

**Primary Income - Collections**

I-1-111-4000-90-01, Collection - Sunday Envelope, 111400001

I-1-111-4000-90-02, Collection - Christmas, 111400002

I-1-111-4000-90-03, Collection - Easter, 111400003

I-1-111-4000-90-04, Collection - Holy Days, 111400004

I-1-111-4000-90-05, Collection - Plate, 111400005

I-1-111-4000-90-06, Collection - Childrens, 111400006

I-1-111-4000-90-07, Collection - Second, 111400007

I-1-111-4000-90-08, Diocesan Appeal Refund, 111400008

[Add Sub-Account](#)

9. Scroll to the bottom of the screen and click submit. Your account is now available to use!

## 505 Debit and Credit Effects

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Account Type	Example of Account	Typical Balance	DEBIT Effect	CREDIT Effect
Asset	1000 – Checking General	Debit	+ Increase	- Decrease
Liability	2005 – Federal Withholding	Credit	- Decrease	+ Increase
Dedicated	2255 – Peter’s Pence	Credit	- Decrease	+ Increase
Income/Revenues	101-400001 – Collection Sunday Envelope	Credit	- Decrease	+ Increase
Expenses	101-501001 - Priests	Debit	+ Increase	- Decrease

## 506 Standardized Chart of Accounts

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An added measure of internal control is provided to Diocesan entities through the use of a standardized Chart of Accounts. While each type of account—Assets, Liabilities, Net Assets, Income, and Expense—has a unique structure and numbering system, all parishes and schools use the same account numbers for the same type of account. These standardized accounts allow the following:

- Combination of information for the Diocese as a whole
- Analysis of changes and trends over a period of time
- Comparison of information among Diocesan entities
- Instruction on the proper use of accounts
- Collaboration among Diocesan entities on account usage
- Information regarding accounting errors

*See page 170 for full chart of accounts.*

### 506.1 STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) ACCOUNT EXPLANATION

The Statement of Financial Position consists of three account types:

- Assets
- Liabilities
- Net Assets

All asset, liability and net asset accounts are 4 numbers long. The Diocesan chart of accounts distinguishes between these 3 types of accounts by number.

- All Asset accounts begin with the number “1”.
- All Liability accounts begin with the number “2”.
- All Net Asset accounts begin with the number “3”.

## 506.2 STATEMENT OF ACTIVITIES (INCOME STATEMENT) ACCOUNT EXPLANATION

Each revenue and expense account consists of nine numbers.

### 101-400001

The first number recognizes the **Fund/Entity**.

The first three numbers recognize the *Program*.

The last six numbers are the specific account number.

**Fund/Entity:** Segregates income and expenses by different areas:

- Fund/Entity 1: Parish
- Fund/Entity 2: School – this should only be used for stand-alone schools or parishes with a school.
- Fund/Entity 3: Catechesis/Religious Education
- Fund/Entity 4: Foundation – Parish
- Fund/Entity 5: Foundation – School
- Fund/Entity 6: Cemetery

Example:

Account 101-720010 would show expenses for textbooks/resources bought for the parish, while account 201-720010 would show expenses for textbooks/resources bought for the school.

*Program:* Allows for more segregation within a fund.

Some examples of different programs are:

- 101 – Parish Administration
- 113 – Parish Hall
- 117 – Fundraising-Bazaar/Picnic
- 126 – Rental Property

*Please see page 177 for a full list of program names.*

Example:

Account 101-734044 (trash removal) would show the expenses incurred for trash removal for normal operations. If the Parish had a fundraiser and needed to have an extra trash pickup because of the fundraiser, the expense could be shown in 117-734044. If all income/expenses dealing with that specific fundraiser were recorded in program 117, a Statement of Activities could be printed out just for that program.

## 507 Annual Operating Budget

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Prior to the beginning of the fiscal year an operating budget for the upcoming fiscal year should be prepared. The finance council should participate in developing the annual budget with staff, following input from the pastoral council and pastor on the priorities for the year. The budget should be brought before the finance council for review and recommendation of approval by the pastoral council and pastor.

The budget is the plan of revenues and expenditures for the upcoming year. It is to be prepared in accordance with the chart of accounts. A line-item amount is to be budgeted for each revenue and expense account. During the fiscal year, the pastor and finance council should review actual revenues and expenses against budgeted amounts on a regular basis. Any material variance should be investigated and resolved as soon as possible; unfavorable actual-to-budget variances could be addressed by implementing offsetting measures.

### 507.1 ANNUAL BUDGET PREPARATION BEST PRACTICES

1. Every parish/school should create an annual operating budget.
2. Establish a timeline allowing for approval of the budget by the Finance Council and Pastor in the month of May.
3. 6 – 8 months prior to year-end (schools need more time because of contracts), have Pastor and Pastoral Council/Finance Council meet.
  - a. Discuss ministry goals and objectives for the coming fiscal year. Quantify as much as possible and share with all ministries.
  - b. Review long-term trends and long-term objectives
4. Parish Finance Council should be heavily involved in the Budget Process.
5. Prepare and review the Budget Worksheet report in ParishSOFT Accounting.
6. With parish ministry goals and objectives in mind, have programs prepare budgets with descriptive narratives on their own ministry goals and objectives, detailing new projects, ministries, fundraising and the rationale for the income and expense numbers used in the budgets. (Have all departments complete a standardized template for this)
  - a. Review current year for variances and possible effect on upcoming year
  - b. Identify new initiatives and the funding source to support it
7. Determine if there are changes in growth patterns or long-term trends that need to be considered besides an inflation factor.
8. Consider the use of a budgeted contingency (2% of total expenses) to help cover unexpected deficits

9. Consider the use of a capital replacement fund that is funded through budgeted depreciation with cash set aside at year-end.
10. The budget should be balanced (expenses should not exceed revenue). Do not budget unattainable income in order to balance the budget.
11. After budget is balanced, the Pastor and Finance Council should review and formally approve it. This approval should be noted in the minutes.

## **508 Role of the Parish Trustee & Parish Finance Council**

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All information pertaining to Parish Trustee's and Parish Finance Councils can be found on the Diocesan website at the below link.

<https://www.dmdiocese.org/resources/parish-governance>

## **509 Reporting to the Finance Council**

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The Bookkeeper/Business Manager presents the Finance Council with the financial statements (Statement of Financial Position, Statement of Activities and Statement of Dedicated Accounts) monthly or at minimum quarterly. This keeps the Finance Council apprised of the financial position of the parish.

1. How should the financial statements be formatted?

The Statement of Activities should at a minimum include a column for each of the following:

- Year To Date (YTD) Actual
- Annual Budget
- Annual Budget vs YTD Actual
- Last Year To Date Actual

2. The Statement of Financial Position should at minimum include the following columns:

- Year to Date balance
- Year Beginning Balance
- Year to Date change

3. The Statement of Dedicated accounts should be provided to the Finance Council at every meeting.

4. Should anything else be provided to the Finance Council besides the financial statements?

- Provide a list of designated donations the parish/school has received to the Finance Council. This will keep the council informed about what money has been collected and for what purpose. This also helps if a parish/school is conducting a special project, for example remodeling the Parish Hall, and donations are supporting the expense of this project.
- Provide a list of past-due bills the parish/school needs to pay (if applicable)



- For Schools, provide a Tuition Aging Report so the Finance Council can monitor tuition collections.

## 510 Safety Culture

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### 510.1 SAFETY COMMITTEE

The Priest Presbyteral Council and the Diocesan Finance Council approved a proposal to initiate a safety culture throughout the Diocese of Des Moines. This involves each parish/school creating a safety committee to promote better communication between employees and management. Its primary function is to serve as a two-way channel of communication, promote safety awareness throughout the workplace and to facilitate good safety practices. Other responsibilities are listed in the Safety Manual and on the Safety Statement, which both can be found here: <http://www.dmdiocese.org/safety.cfm>.

*The safety committee may include:*

- parish priest
- a member from the church finance council
- the person responsible for building and grounds maintenance
- police officer, medic, or fire fighter
- insurance company rep
- Faith Formation staff or volunteer
- other interested volunteers

*If there is a school at the location, this committee should also include:*

- a teacher
- a parent
- representative of the cafeteria staff

The parish/school safety committees are encouraged to use the resources available through the Diocesan insurers and the Diocesan website and to share safety information with one another and the Diocesan Safety Culture subcommittee.

### 510.2 SAFETY COORDINATOR

A person on the Safety Committee should be designated as the Safety Coordinator. The Safety Culture Subcommittee of the Diocesan Risk Management Committee has various resources for safety committees at parishes and schools. In order to ensure that any safety information and training opportunities the Safety Culture Subcommittee has to share will get to the appropriate people, their name and contact information should be sent to the Diocesan finance department.

## 511 Reports to the Diocese

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### 511.1 MANAGE PARISHSOFT STAFF LISTS

Periodically, the Diocesan Communications Office publishes a printed Diocesan wide directory. The directory includes all Diocesan organizations and their contact information. All parish and school contact information and certain staff positions/contacts are also published on the Diocesan website:

<https://www.dmdiocese.org/worship/parishes-and-mass-times>

Each parish needs to continuously keep this data up to date on both their website and in ParishSOFT

The Diocesan offices continuously utilize the contact information of individuals with assignments to parishes and schools. Therefore, it is important all of the contact data for the parish organization, the school organization, and all staff and volunteers are current. This includes members of the Parish Finance Council. Identify these individuals in the ParishSOFT data through the Manage Staff List process.

### 511.2 SACRAMENTAL REGISTRY REPORTING

Sacramental Registry Reports are due to the Diocese Office of the Bishop each calendar year on the last day of February.

The reports are to be printed from the ParishSOFT Sacramental Registry Reporting tool. They are to include reports for the sacraments of Baptism, Confirmation, Matrimony, and Funeral that have taken place at your parish during that previous calendar year. First Eucharist reports do not need to be sent to the Diocesan Office of the Bishop, but must be retained at the parish.

The front page of each Sacramental Registry report is to be signed and dated by the parish Pastor after he has reviewed each report. Those reports are then submitted to the Diocese for storage in the archives as required by Canon Law.

### 511.3 KENEDY DIRECTORY REPORTS

First published in 1817 by P.J. Kenedy and Sons, The Official Catholic Directory (OCD) is the most authoritative resource available today on the Catholic Church. Each edition provides complete information on the Church's hierarchy, its institutions, schools, special care centers, and affiliated facilities. It offers the most comprehensive and detailed profiles on each (arch) diocese in the United States and hundreds of (arch) dioceses around the world.

Each fall all parishes and schools will receive an email from Official Catholic Directory (OCD) asking them to log in and update their parish statistics. The email provided in the previous year is the address that will receive the communications.

If you do not remember your username/password please select the forgot password or create a new account.

If you have questions, please contact the Diocesan Communications Administrative Assistant at 515-237-5046.

#### 511.4 ANNUAL FINANCIAL REPORT

Every year, all parishes/schools are required by the United States Conference of Catholic Bishops to complete and submit an Annual Financial Report (AFR) to the Bishop.

“The revised Code of Canon Law, effective November 27, 1983, addresses extensively the responsibilities of bishops as administrators of the Church's temporal goods. Canon 1284 states that all administrators are to perform their duties with the diligence of a "good householder." The bishop can delegate the authority but not the responsibility. He has the duty to ensure that no abuses exist in the administration of church goods within the diocese.” – USCCB Diocesan Internal Controls: A Framework.

The Diocese of Des Moines AFR is a questionnaire surveying the parishes/schools about their internal controls, financials, and other policies and procedures. This survey is sent out to all parishes and schools in the summer by the Diocesan Finance Department.

Parish/School finance staff should present fiscal year-end financial information and the Annual Financial Report to the pastor/principal, Finance Councils and submit the completed AFR to the Diocesan Finance Department by **September 30th**.

This information is shared with the Bishop and the Diocesan Finance Council.

### 512 Checklist for Closing the Fiscal Year in ParishSOFT Accounting

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- Reconcile all Bank Accounts
- Reconcile all Investment Accounts, CD's etc.
  - NOTE: It's very rare to have a cash account that shows no change in balance from one year to another. Make sure that you review all cash account balances and request any needed information from your bank (i.e. CD balances etc.)
- Reconcile Scrip Inventory (if applicable).
- Review any fixed asset balances to determine if something changed during the year. (see page 37 of the Resource Manual).
- Record any depreciation if applicable. (See page 42 of Resource Manual)
- Review and reconcile any outstanding balances in the Payroll Liabilities section of the Statement of Financial Position (2000 series accounts). Any balance should be explainable, usually due to timing. (See page 71 of the Resource Manual).
- Review and reconcile any Funds Held for Others account balances. Any balances should be explainable. Like the cash accounts, it is rare to have a FHFO account where the balance hasn't changed during the year. Make sure that you don't have any old balances that are no longer accurate.

- Reconcile any Long-term debt amounts to what is showing on the Statement of Financial Position.
- Review all Dedicated Accounts and remit any balances showing. Any ending balance should be explainable.
- Review the entire Statement of Activities. Things to look for:
  - Are there any negative balances in Income/Expense? These are rare.
  - Compare your actuals to budget and review any discrepancies to ensure they aren't caused by a recording error.
  - Compare your actuals for this year to last year's actuals and review any large discrepancies.
  - Verify that all salary/wage expense has been coded to a wage/salary expense account and to the appropriate program.
    - NOTE: This is only for amounts that are paid through payroll. If you are a parish that has their payroll processed by another parish, you should not show any expense in a salary/wage expense account. All amounts reimbursed to the payroll processing parish should be coded to "Other Parish Support". The parish which processes the payroll should show the expense in a payroll expense account.
- The Finance Council should approve the Financial Statements before the year is closed.
- The Annual Financial Report to Parishioners should be prepared and shared (see next section).

## 513 Annual Financial Reports to Parishioners

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### 513.1 FINANCIAL REPORT

*"Administrators are to render accounts to the faithful concerning the goods they have given to the Church, in accordance with the norms to be laid down by particular law". **Can, 1287***

Parishes and Schools are to submit an annual report on the finances to all parishioners/parents. This report should be reviewed by the Finance Council and Pastor before it is disbursed to parishioners. Below are the minimum requirements for this report:

1. A summary of the Statement of Activities for the parish, school, and faith formation programs must be shared. Financial information from foundations and cemeteries are also encouraged
  - a. The standard reports from ParishSOFT Accounting do not have to be used but the modified report should be reconciled back to it.
  - b. All revenue and expenses must be included and can be summarized in various ways such as
    - i. Weekend and Holy Day Collection
    - ii. Capital campaign, building, and all other donations
    - iii. Fund raising and Rental Income

- iv. Operational Expenses (by program or line item)
    - v. Extra-ordinary Building Repairs/Improvements
  - c. Provide comparative data such as:
    - i. Actual YTD, Budget YTD, Last Year Actual
- 2. The following information from the Statement of Financial Position must be included
  - a. Selected assets
    - i. Operating cash and investment totals
    - ii. Restricted cash and investments including
      - 1. Foundation
      - 2. Endowments
      - 3. Building Funds
    - iii. Other income-producing assets (e.g., apartments, houses, farms, etc.)
  - b. Selected liabilities
    - i. LT Debt, Line of Credit, Promissory Notes
    - ii. Any past-due debt
- 3. Narratives with the financial information are highly encouraged to indicate how the parish is being a good steward and planning for the future.
  - a. Whatever the parish wishes to highlight such as building plans, anticipated major expenses or income shortfall
  - b. To provide clarity (e.g., explain purpose of endowments/foundations, program descriptions)
  - c. To provide explanation for major variances on Statement of Activities (>10%)

Additional Considerations

1. Keep the basic statements to one page, if possible, but choose a font and font size for easy readability (Arial, 10; Calibri, 11; Times Roman, 12).
2. Consider removing account numbers to reduce clutter on statements.
3. Note the date or time period of the financial reports. Monthly, quarterly reports are fine, but a year-end report with YTD numbers is required.
4. If simply listing individual expenses, consider doing so by largest to smallest dollar amounts or alphabetically.
5. Consider the use of pie charts to pictorially show relationships among different income and expenses. Such charts would be in addition to the numbers, rather than a substitution for them

6. Consider the use of line graphs to demonstrate trends over multiple year for significant income and expense categories such as tithes and building or program expenses.
7. Provide a list of the Finance Council members and their contact information.
8. Distribution methods
  - a. Minimum: Post somewhere in church and provide copy upon member's written or oral request
  - b. In addition to the above:
    - i. Electronically, or by mail for those who prefer
    - ii. Attachment in the bulletin
9. Provide a copy of the annual report to the Finance Department of the Diocese of Des Moines

The next 2 pages are examples of formats that could be utilized:

513.2 EXAMPLE A: EXPENSES CATEGORIZED BY LINE ITEM

**Parish A**  
**Statement of Activities**  
**June 30, 2016**

	<b>Actual</b>	<b>Budget</b>	<b>Difference</b>
Weekend and Holy Day Collection	766,770	750,000	16,770
Fundraisers and Other Operating Income	57,812	60,000	(2,188)
Religious Ed Fees/Income	14,215	12,000	2,215
School Tuition/Fees	584,982	600,000	(15,018)
<b>Total Operating Income</b>	<b>1,423,779</b>	<b>1,422,000</b>	<b>1,779</b>
Wages and Benefits	542,680	590,000	(47,320)
Ministry Program Expense	334,719	342,000	(7,281)
School Program Expense	284,982	250,000	34,982
Maintenance and Operational Expense	228,570	240,000	(11,430)
<b>Total Operating Expense</b>	<b>1,390,951</b>	<b>1,422,000</b>	<b>(31,049)</b>
<b>Operating Surplus/(Deficit)</b>	<b>32,828</b>	<b>-</b>	<b>32,828</b>
Building Fund Income	83,296		
Major Building Repairs	(124,212)		
Donations to the Foundation	124,520		
<b>Surplus/(Deficit)</b>	<b>116,432</b>		
<b>Cash and Investments</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>Change</b>
Operations	131,706	148,211	(16,505)
Foundation	235,108	110,588	124,520
Building Fund	161,512	242,000	(80,488)
<b>Total Cash/Investments</b>	<b>528,326</b>	<b>500,799</b>	<b>27,527</b>
<b>Long-Term Debt</b>	27,540	77,525	49,985

### 513.3 EXAMPLE B: EXPENSES CATEGORIZED BY PROGRAM

**Parish A**  
**Statement of Activities**  
**June 30, 2016**

	<b>Actual</b>	<b>Budget</b>	<b>Difference</b>
Weekend and Holy Day Collections	766,770	750,000	16,770
Fundraisers and Other Operating Income	57,812	60,000	(2,188)
School Tuition/Fees	584,982	600,000	(15,018)
Religious Ed Fees/Income	14,215	12,000	2,215
<b>Total Operating Income</b>	<b>1,423,779</b>	<b>1,422,000</b>	<b>1,779</b>
Parish Administration	443,400	440,000	3,400
School Expense	814,482	825,000	(10,518)
Religious Education Expense	34,512	32,000	2,512
Building/Grounds Expense	98,557	125,000	(26,443)
<b>Total Operating Expense</b>	<b>1,390,951</b>	<b>1,422,000</b>	<b>(31,049)</b>
<b>Operating Surplus/(Deficit)</b>	<b>32,828</b>	-	<b>32,828</b>
Building Fund Income	83,296		
Major Building Repairs	(124,212)		
Donations to the Foundation	124,520		
<b>Surplus/(Deficit)</b>	<b>116,432</b>		
<b>Cash and Investments</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>Change</b>
Operations	131,706	148,211	(16,505)
Foundation	235,108	110,588	124,520
Building Fund	161,512	242,000	(80,488)
<b>Total Cash/Investments</b>	<b>528,326</b>	<b>500,799</b>	<b>27,527</b>
<b>Long-Term Debt</b>	27,540	77,525	49,985



## 514 Calculation of Annual Diocesan Appeal Goal

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The Annual Diocesan Appeal (ADA) goal formula is overseen by the Diocesan Finance Council who makes recommendations to the Bishop on its structure. Each year, usually in November/December, the finance department sends a worksheet to the priest and associated office staff, calculating the parish's assessable income. From that assessable income the parishes ADA goal is calculated. The below steps outline what is done to derive a parishes ADA assessable income and goal.

### Step 1 – Calculating the Current Year Assessable Income for Each Parish

The process of determining the Annual Diocesan Appeal goal for each parish begins with a calculation of each parish's "assessable income."

$$\begin{aligned} &100\% \text{ Primary Income} + 75\% \text{ Auxiliary Income} - 75\% \text{ Deductible Auxiliary Expenses} - \\ &82.5\% \text{ deductible School Expenses} - 82.5\% \text{ Deductible Religious Ed Expenses} \\ &= \text{Assessable Income} \end{aligned}$$

- Primary Income: consists of all general ledger income account numbers in the 4000 series in Fund 1 (for example, Sunday Envelope 101-400001). Primary income includes:
  - The weekend collection
  - Holy day collections
  - ADA refunds from the Diocese

Primary Income is reduced by interest and debt payments on authorized building loans.

- Auxiliary Income consists of all general ledger income account numbers in the 41000 series in Fund 1 (for example rental income 101-410007). Auxiliary income includes:
  - Fundraising Income
  - Interest Earnings
  - Offerings
  - Donations
  - Rental Income
  - Votive Stand Income
  - Nursery Fees
  - Non-Restricted Investments Capital Gain
  - Literature Sales
- ADA Exempt Income is not included in the formula. This income consists of all general ledger income account numbers in the 42000 series in Fund 1 (for example, designated donations 101-420006). ADA Exempt income category includes:
  - Bequests
  - Building Fund
  - Capital Campaign
  - Designated Donations
  - Restricted Investment Gains

- Mass Stipends

*For more information about ADA Exempt Income, see page 28.*

Auxiliary Expenses include costs related to the auxiliary income. These include:

- Direct fundraising expense up to amount of fundraising income
- Direct bulletin expense up to amount of bulletin income
- Direct votive expense up to amount of votive income

The expense that is recorded to the following programs is automatically deducted and reviewed for appropriateness: 117, 118, 119, 122, 123, 125, and 126. All other expense needs a manual adjustment (made by the Diocese) to be deducted.

- School Expense: For parishes with a school, this would be the net deficit of the school or School income (fund 2) less School expense (fund 2). For parishes that pay school assessments to another school, that expense is deducted.
- Religious Education Expense: Any income recorded in Fund 3 less **direct** Religious Ed expense is deductible. The following accounts are considered direct expense to the RE program:

<u>Acct No.</u>	<u>Description</u>	<u>Acct No.</u>	<u>Description</u>
5020-01	Administrator/Principal/DRE	7100-30	Program Services
5020-06	Teachers - Religious	7100-40	Program Supplies
5020-11	Professional Salaries -Other	7200-10	Textbooks/Resources
5030-01	Secretary	7200-20	Continuing Education Fees
5100-10	Health Insurance	7200-30	Meals/Lodging
5100-15	Dental Insurance	7200-40	Mileage/Travel
5100-20	Life Insurance	7500-05	Textbooks
5100-25	Disability Insurance	7500-10	Instructional Material
5100-30	Retirement Benefit	7500-15	Instructional Supplies
5100-45	FICA Tax	7500-20	Library/Media Center
7000-50	Postage	7500-25	Technology-Hardware
7000-60	Printing	7500-30	Technology-Software
7000-65	Copier	7500-35	Technology-Services
7000-70	Subscriptions/Publications	7500-50	Audio Visual
7000-80	Office Supplies	7500-60	Student Activities
7000-85	Computer Supplies	7500-65	Enrichment
7100-10	Financial Assistance		
7100-20	Food Supplies		

### Step 2 – Calculating the Three-Year Average Income and Diocesan Total

After the assessable income figure has been calculated for the parish, this figure is added to the assessable income amounts for the previous two years to generate a three-year average.

The average income for each parish is then added together to derive the total assessable income of the Diocesan parishes.

### Step 3 – Calculating the Assessment Rate for the Year

The assessment rate for the year is calculated by dividing the Annual Diocesan Appeal Goal by the grand total of the average assessable income for all parishes.

### Step 4 – Calculating the Parish Goal

An individual parish's goal is calculated by applying the assessment rate to their three-year average income. For instance, if the overall ADA goal is \$3,000,000 and the assessable income for all parishes is \$12,000,000, the assessment rate is 25%. If an individual parish had a three-year average income of \$120,000, their goal for the campaign is \$30,000.

## **515 Parish/School Internal Reviews**

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### **515.1 PURPOSE**

In January 2011, following the recommendation by the United State Conference of Catholic Bishops (USCCB) to institute a program of on-site internal reviews at each parish and school, a three year compliance plan was presented by the Parish Accounting Committee and approved by the Diocesan Finance Council, the Priest Presbyteral Council, and Bishop. The final phase of the plan was the development of an Internal Control Questionnaire (see page 223) and an Internal Review Program to be used as a basis for each review. The questionnaire and program were created with the following objectives:

- To review internal controls in place for all areas of financial activity
- To verify balances of all financial institution accounts
- To test selected transactions in the area of cash receipts, cash disbursements, payroll, tax reporting and other miscellaneous areas
- To review compliance with various governmental laws and regulations, as well as certain Diocesan policies.

It is anticipated that reviews will be performed at all parishes and schools over a five year period at no cost.

### **515.2 TIMEFRAME**

Staff from the Diocesan Finance Department go out to the parish/school office to meet with the pastor, principal, bookkeeper, business manager, and other necessary staff. Depending on the size of the parish/school, this can take anywhere from less than a day to a week.

When a parish/school is scheduled to have a review, the Diocesan Director of Finance will contact the pastor/principal, bookkeeper/business manager, and finance council chair to let them know of the

upcoming review. A member of the Diocesan Finance Department will subsequently schedule a specific date for the finance staff and perhaps a volunteer to arrive and send a list of items (including the Internal Control Questionnaire (ICQ) on page 223) that will be needed for the review. The parish/school will need to send some of these items to the Diocesan Finance staff prior to the review date (such as the completed ICQ); the rest of the items will be gathered for the first day the diocesan staff is on-site.

At the end of the review, the pastor (or principal, if no parish) and finance council will be issued a report of findings and recommendations for improvement. The diocesan finance staff member in charge of the review along with the Director of Finance, will attend a parish/school finance council meeting to go over the report's conclusions and recommendations. The finance council will then be asked to send to the Finance Department within 45 days, detailing how it will address the comments and provide a timeframe for implementation.

This review will take quite a bit of time and may cause a change in normal schedules. There will be a shorter follow-up visit within twelve months following the review with the purpose of seeing if the parish/school has been able to implement the agreed upon changes. A follow-up report will be prepared and shared with the parish/school, and perhaps the Bishop, by the Finance Department.

For information about what the review covers, see page 223 which contains the Internal Control Questionnaire (ICQ). This document illustrates most of the areas that will be covered during the review and what internal controls are looked at.

### 515.3 COMMON FINDINGS

Below are some of the common things we find that need to be corrected at parish/schools:

1. Statement of Dedicated Accounts: Old balances not being remitted or if being remitted, recorded in an expense account. All dedicated accounts should show a \$0 balance at the end of the month. *See page 40 for more information.*
2. Online Banking: If the parish/school does any online banking (logging into the parish/school's bank account via the internet) a separate dedicated computer should be used. This will help to protect the parish/school against cybercrime. *See page 19 for more information.*
3. Segregation of Duties - Deposits: The person who records transactions in ParishSOFT Accounting and ParishSOFT Family Suites, should not have access to cash. This means they should not take the deposit to the bank, be a counter, have access to the money etc.). *See page 16 for more information*
4. Segregation of Duties – Checks: The person entering the bill information into ParishSOFT Accounting should not be a signer of checks. We suggest involving a finance council member, associate pastor, trustee, etc. for times when pastor is not available to sign checks. *See page 16 for more information.*
5. Mass Collections: *See page 25 for more information.*
  - a. Tamper proof bags should be used for all collections and fundraisers.

- b. Tamper proof bags should be preassigned and subsequently accounted for using a Bag Tracking Form. See page 169 for a sample.
  - c. The parish/school should have detailed written cash counting and balancing procedures.
  - d. Cash count teams should be rotated
6. Bank Reconciliations: *see page 11 for more information.*
- a. Should be done on a timely basis (within 2 weeks of end of the month)
  - b. Should tie out to the bank statement
  - c. Any old outstanding items (over 60 days old) should be researched and reissued/voided if necessary. This includes deposits and journal entries.
7. Large Disbursements: Checks over a certain dollar amount should require a second signature. It is up to the parish to determine what this dollar amount is. As an example, at the Diocese, any check written for \$2,500 or more requires a second signature.

This also applies to any large electronic withdrawals or transfers. *See page 12 for more information.*

8. Payroll:
- a. Pastor and/or other Priests are being paid consistent with the Priest Compensation letter. Mass stipends are either paid to Father through payroll or \$100/month is added to his paycheck. *See page 67 for more information.*
  - b. Bonuses/Gifts: Are paid through payroll and taxable income.
  - c. Musicians: Could be employees and therefore paid through payroll. *See page 62 for more information.*
  - d. Payroll liability accounts: Should clear out monthly or be reconciled monthly to verify that all benefit amounts are being paid. *See page 69 for more information about employee benefits.*
  - e. Personnel Files:
    - i. A W-4 for both federal and state should be on file for each employee and the information on the W-4's should match what is currently entered into the payroll system. This includes priests. *See page 73 for more information.*
    - ii. An I-9 should be in a separate file, filled out, and witnessed for each employee. This includes priests.
    - iii. For eligible employees, a 403b form should be on file specifying how much the employee wants withheld from their paycheck. This should match what is

entered into the payroll system. This includes priests. *See page 72 for more information.*

9. Bill Paying Process:

- a. All invoices should be reviewed – this includes credit card statements/receipts.
- b. The check signer should not sign any check written out to themselves.
- c. Checks written for mileage reimbursement should be issued at the current IRS rate. This changes annually. The number of miles along with the date and a description of where the person was going. This includes priests.
- d. An address should be printed on each check.

10. Funds Held for Others: Parishes/schools should limit their use of the Funds Held for Others (FHFO) accounts (#2400 series). Small auxiliary organizations (such as Altar and Rosary, Women’s Club, etc.) are allowed to use a FHFO. It is recommend that larger auxiliary groups such as Home and School do not use a FHFO account, and instead have their financial activity recorded through the Statement of Activities in a specific program or project. Restricted funds should not be tracked through a FHFO account. *See page 20 for more information.*

11. Schools – Tuition Receivables: All schools should be moving towards or using FACTS for their tuition billing. As part of that system, a Tuition Receivables Aging Report should be viewed by the Finance Council throughout the year. At the end of the school year, if there are tuition/fee amounts still owed that the school expects to receive they should be recorded as a Receivable to the parish and income should be recorded. *See page 140 for more information.*

12. Scrip: Scrip is the same thing as cash. Therefore dual control is necessary. *See page 140 for more information.* Parishes/Schools selling scrip may need an agreement that is signed by the parent/guardian. This agreement would offer the option of receiving a cash for the scrip profit earned. *See page 140 for more information.*

13. Safety Coordinator & Committee: *For more information see page 105.*

- a. Each location should have a designated Safety Coordinator. This person will receive communications from the Diocese about safety and risk management.
- b. Each location should have a safety committee that meets at least seasonally.
- c. Minutes should be kept of each safety committee meeting.

14. Vehicle/Driver Safety Policy: This policy applies to all locations – a parish/school owned vehicle is not required. All employees that are expected to drive on behalf of the parish/school (e.g., could be taking deposit to the bank, purchasing supplies at local store, etc.) should fill out the Private Vehicle Use application. They should also have a Motor Vehicle Record (MVR) requested, and the complete Defensive Driving Course on the Catholic Mutual website. Volunteers who regularly drive on behalf of the parish/school (e.g., visiting the sick, taking

deposit to bank, etc.) should complete all of the employee requirements as well as completing the Volunteer Application. *For more information see page 158.*

15. Form 1099: Is required for all vendors that the parish/school paid for service that total \$600 or more in a calendar year. It is rare for a parish/school to have no 1099's. The Vendor Audit File report in ParishSOFT Accounting is a useful tool to find vendors needing a 1099. *Please see page 42 for more information.*
16. Sales/Use Tax: Most locations will need to pay use tax (sales tax on out-of-state products purchased). *See page 41 for more information*





# Technology

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The use of technology has brought great efficiencies to the processing of information, communication, and work in general. The Diocese of Des Moines has implemented several standardized software programs to capitalize on these efficiencies across the Diocese. However, with the introduction of technology came the introduction of new risks. This section includes information about the Diocesan standardized software and recommended hardware. Also included are guidelines for information system security.

## 601 Software/Hardware

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### 601.1 STANDARDIZED SOFTWARE

The Diocese of Des Moines implemented a standard software tool to be used in all parishes and schools throughout the Diocese. The ParishSOFT software is utilized for family demographic data handling and also parish and school accounting. The list below indicates the software modules in use throughout the Diocese as well as other software and hardware requirements that are compatible with these mandated software programs.

1. ParishSOFT Family Suites
  - a. Family Directory – track census and membership information
  - b. Ministry Scheduler – manage ministry groups, volunteers and liturgical schedules
  - c. Religious Education and Tuition – manage all details of the religious education program
  - d. Offering – manage contributions, pledges and tuition
  - e. Parishes Online.com – free parish website
  - f. Online Giving – Web based donation process
  - g. My Own Church – Web based parishioner access to their demographic and tithing information and ministry schedule
2. ParishSOFT Accounting:
  - a. Ledger and Payables – fund accounting of the parish financials
  - b. Payroll – payroll functions for all paid parish staff – optional module
3. Microsoft Office Professional Plus
4. Internet Connection (broadband is preferred)
5. Adobe Acrobat Reader
6. Web Browser (Internet Explorer, Edge, Google Chrome, Safari, Firefox, etc.)
7. Active Parish Email Address Required

## 601.2 SOFTWARE TRAINING OPPORTUNITIES

ParishSOFT offers several avenues for training. Those are referenced below.

Parishes and Schools in the Diocese also have opportunity to participate in User Group Meetings at various times and locations throughout the year. These meetings are a great source of information as well as a way to meet your coworkers from other parishes and schools in the Diocese.

1. ParishSOFT Training: <http://help.parishsoft.com/training/>
2. ParishSOFT Support: <https://support.parishsoft.com/hc/en-us>
3. Diocesan Technology Website: <https://www.dmdiocese.org/resources/technology>
4. Microsoft.com: <http://support.microsoft.com/>

## 601.3 METHODS TO OBTAIN SOFTWARE/HARDWARE

1. ParishSOFT:  
825 Victors Way, Suite 200  
Ann Arbor, MI 48108-2830  
866.930.4774 (toll free)  
734.205.1000  
734.205.1011 fax  
Email [support@parishsoft.com](mailto:support@parishsoft.com)  
[www.parishsoft.com](http://www.parishsoft.com)
2. Diocesan Technology Department (Hardware and Software)  
601 Grand Avenue  
Des Moines, IA 50309  
515.237.5007  
Email [gmler@dmdiocese.org](mailto:gmler@dmdiocese.org)  
<https://www.dmdiocese.org/resources/technology>
3. TechSoup (discounted software for non-profit organizations)  
<http://www.techsoup.org/nonprofit-software?gclid=CJ6u7omz9L0CFcdaMgodySAAIg>  
**Main Office**  
TechSoup Global  
435 Brannan Street, Suite 100  
San Francisco, CA 94107  
(415) 633-9300

## 602 Information Systems Security

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Information System security is not a one-time project or expense. It is an ongoing process. These guidelines are meant to assist your organization in working towards Information Systems security. **Use of all products below depends on every computer running a current, fully updated operating system (Windows).**

### 602.1 QUICK START GUIDE - MINIMUM REQUIREMENTS

1. Have a data backup program in place and current on all computers.
  - a. Resources:
    - i. Windows 10 System Image Backup: <https://www.windowscentral.com/how-make-full-backup-windows-10>
    - ii. \*Datto Corporate: <https://www.datto.com/file-backup-and-sync>
    - iii. Carbonite: <https://www.carbonite.com/>
2. Utilize a cloud storage service for data.
  - a. Resources:
    - i. Onedrive: <https://www.microsoft.com/en-us/microsoft-365/onedrive/online-cloud-storage>
    - ii. Google Drive: <https://www.google.com/drive/>
3. Install & activate a firewall on every computer/network.
  - a. Resources:
    - i. Microsoft Security Essentials: <https://support.microsoft.com/en-us/help/14210/security-essentials-download>
    - ii. Zone Alarm Firewall: <https://www.zonealarm.com/software/firewall/>
    - iii. Privatefirewall Firewall: <http://www.privacyware.com/>
    - iv. \*Fortinet Firewall: <http://www.fortinet.com/>
    - v. Comodo Firewall: <http://personalfirewall.comodo.com/>
4. Install, activate, and maintain updates of an antivirus program on every computer.
  - a. Resources:
    - i. \*Webroot Antivirus: <https://www.webroot.com/us/en/home/sem/brand>
    - ii. AVG Antivirus: <https://www.avg.com/en-us/>
    - iii. Norton Antivirus: <http://us.norton.com/>
    - iv. McAfee Antivirus: <http://www.mcafee.com/us/>
    - v. Kaspersky Antivirus: <http://usa.kaspersky.com/>
    - vi. AVAST Antivirus: <http://www.avast.com/>
5. Consider utilizing Endpoint Detection and Response (EDR).
  - a. Resources:
    - i. CrowdStrike EDR: <https://go.crowdstrike.com/>
    - ii. \*Carbon Black EDR: <https://www.vmware.com/products/endpoint-detection-and-response.html>

6. Install, activate, and maintain updates of an anti-spyware/anti-malware program on every computer.
  - a. Resources:
    - i. Spybot Search & Destroy Anti-Spyware: <https://www.safer-networking.org/compare-spybot-editions/>
    - ii. Spyware Doctor Antispyware: [https://spyware\\_doctor.en.downloadastro.com/](https://spyware_doctor.en.downloadastro.com/)
7. Utilize a spam filter application to guard against unwanted, harmful emails.
  - a. Resources:
    - i. Spam Assassin Filter: <http://spamassassin.apache.org/>
    - ii. Appraver Email Filter: <http://www.appraver.com/>
    - iii. Email Filter: [www.mailwasher.com](http://www.mailwasher.com)
8. Utilize social engineering training for employees.
  - a. Resources:
    - i. \*Knowbe4: <https://www.knowbe4.com/>
    - ii. Ninjio: <https://ninjio.com/lp4c-eseecurityplanet/>
9. Enact a password requirement policy.
  - a. Enforce password activated screen savers/hibernate.
  - b. Enforce password protection (i.e. do not share passwords).
    - i. Enforce password strength requirements (At least 8 characters, combination of Upper and lowercase, numbers and special characters: 0314gMd1oce\$e
  - c. Enforce password refresh timelines (minimum every 90 days).
  - d. Use a password manager program such as “Last Pass”.
10. Enable multi-factor authentication (MFA).
  - a. The goal of MFA is to provide a multi-layered defense system. This helps ensure that the users who access your system are legit. Even if one factor is compromised, there are still more barriers to breach. For example, if someone’s computer password is stolen, the thief would still need more than just that information to break into the account.
  - b. Examples:
    - i. Google Authenticator (an app on your phone)
    - ii. SMS text message with a code
    - iii. Soft token (also called software token)
    - iv. Hard token (also called hardware token)
    - v. Security badge
11. Follow online banking security guidelines.
  - a. Utilize a stand-alone computer for any online banking transactions.
  - b. Do not access any other internet functions from this computer (including email).
  - c. Follow Internal Control & Separation of Duties guidelines.
  - d. Limit overdraft protection to a maximum of \$250.

\*Currently in use at diocese.

## 602.2 PERSONAL COMPUTER (PC)/NETWORK SECURITY

Firewall – Every computer and network must have a firewall installed and activated.

- Firewalls assist to keep hackers from using your computer to send out your personal information without your permission. Basically, it acts as a guard watching for outside attempts to access your system and blocking communications from and to sources you don't permit.
- Many operating systems and hardware devices (routers) come with a built-in firewall.
- To ensure your firewall is effective, ensure it is turned on, properly set up and updated regularly.

Antivirus – Every computer must have antivirus software installed and activated.

- Antivirus software protects your computer from viruses that can destroy your data, slow your computer's performance, cause a crash, or even allow spammers to send email through your account. It works by scanning your computer and your incoming email for viruses and then deleting them.
- Antivirus software must be updated routinely.
- Most commercial anti-virus software includes a feature to automatically download updates when you are on the Internet. When deciding on a brand of software, keep in mind that good antivirus software should recognize current viruses, as well as older ones; effectively reverse the damage; and update automatically. Only one antivirus software program can be installed at one time, multiple software installations will work against each other.

Antispyware – Every computer must have antispyware installed and activated.

- Antispyware software helps protect your computer from malicious spyware that monitors your online activities and collects personal information while you surf the web.
- Since the sophistication of spyware programs is increasing, consider using two different antispyware programs to offer increased protection.
- The low-end antivirus only solutions are no longer sufficient to protect your systems. Use Antivirus in conjunction with antispyware and firewall applications.

Antimalware – Every computer must have antimalware installed and activated.

- Antimalware software protects your system against trojans, scareware, worms, adware, botnets, rootkits, key loggers and crime ware. These are programs that can be downloaded to your computer without your knowledge.
- You can install multiple anti-malware software applications on the same computer.

Spam Filters – A spam filter is highly recommended.

- Spam Filter software is installed on a mail server that blocks unsolicited emails.
- Users are often able to set varying levels of filtering so wanted emails are not blocked. Some spam blockers will hold emails they detect as unsolicited in a downloadable section until they are passed through a variety of spam filters.
- Anything that has been blocked is often set aside for inspection for a certain number of days. Spam emails are no longer just annoying, they are dangerous.

Screen Saver – Hibernate – Password Protect – Password activated screen savers must be used to lock computers after a period of inactivity.

- Require the combination of keystrokes CTRL+ALT+DEL to log on. This provides an additional security layer requiring the user to physically be at the computer to log on.

Passwords: Strength, Length, Security, Sharing, Forced Changes – Protect your passwords by keeping them in a secure place and out of plain view.

- Do not share your passwords.
- Strengthen your password by making it harder for hackers to figure out.
  - Use passwords that have at least eight characters and include numbers and symbols.
  - Never use your personal information or login name as a password.
  - Change your passwords regularly (every 90 days at a minimum).
  - Passwords should not be the same as any of the previous six passwords.
- Use different passwords for each online account you access.
- Use different passwords for different websites and systems.
- Keeping multiple complex passwords means that it might be necessary to consider a password management tool.

Software Application Updates (including Microsoft Windows & Office; Adobe, etc.) – Every organization should have a documented maintenance routine for keeping applications up to date.

- Hackers take advantage of unsecured Web browsers and operating system software. Your operating system may offer free software patches that close the holes in the system that hackers could exploit.
- Common operating systems (Windows) can be set to automatically retrieve and install patches for you.

- If not, make regular visits to your system’s manufacturer website and update your system with defenses against the latest attacks.
- Or utilize a third-party system scanner to scan and notify you of updates available. Without these updates, your system will not be well protected against new cyber threats.

Backups – Every organization should have a documented and tested “Disaster Recovery Plan” in place.

- No system is completely secure. It is important to copy important files onto a removable disc and store them securely in a building other than where your computer is located.
- Always keep your original software start-up disks handy and accessible for use in the event of a system crash.

User Access Rights – Local/Power User/Limited – Only an “Administrator” login should be able to modify any system files.

- You can set the limited user access rights in the Control Panel – User Accounts – Properties of the User – Group Membership.
- Local User Access rights apply to the computer itself and everything that runs on that computer.
- Disable the local Administrator login OR lower the privileges for that login. Then create a new local account on that device and name it something other than “Administrator”. Establish a password for that new local account and use it for any administrator types of processes. This lowers the chance of someone without authority gaining access to the original System Administrator login with full access rights.
- Only log into a workstation as an “Administrator” with full access rights when necessary to download software applications.
- Other daily users of the PC should have their own login, with limited access rights.
- Some software applications require Power User level access which still limits the ability to install any type of software to the computer, including viruses.

Application Access Rights (Such as Financial Information) – Application Access Rights apply to the specific software program that you are using.

- Full application access should be granted only to those who need it to perform their duties.
- Be sure to assign an “Administrator” of security for financial software applications in use.
- Monitor the access that each user login has to private financial or personal data. Do not use one generic login with a well-known password.

- Any individual who will have access to sensitive information should have a background check completed.
- Access to this information should be strictly limited to individuals who have a business reason to see it.

Application .exe files – Only “Administrator” login should be able to run software application .exe (executable) files.

- Attachments to emails often contain an .exe file that triggers a virus to enter your computer.

Employee training on security (conferences, classes, webinars, internal meetings) – Implement a Computer Usage / Security Policy.

- Employees and volunteers must be trained to ensure security, confidentiality, and integrity of sensitive information is maintained.
- Remind staff on a regular basis of policy to keep information secure and confidential.
- Impose and follow through with strict disciplinary measures for policy violations.
- Ensure your I.T. individuals are up to date on the latest technology.

Signed Employee policy – Enact an Email and Internet / Computer Usage Policy.

- All employees should be given a hard copy to read and required to sign and date that they have read and understand the policy.

Termed Employee Policy – Every organization should have a documented procedure in place which includes that terminated employees or volunteers should have their passwords deactivated immediately.

Destruction of electronic files & emails. Archiving policies – Ensure disposal of sensitive information is done in a secure manner.

- All paper records should be shredded in such a manner that they cannot be read or reconstructed.
- Data must be erased when disposing of computers, disks, CD’s, hard drives, laptops, cell phones or any other electronic devices containing sensitive information.
- There are software applications that will certify all data has been erased. Or you can physically destroy the hard drive, memory cards, or disks.
- Archiving policies reflecting USCCB guidelines should be in place for specific categories of data with destruction timelines and confirmation of destruction.
  - *See page 164 for the Guidelines.*



- Delete everything that you do not need. Email archives are sometimes targeted by data thieves.
- A data management program is key to keeping old data organized and safe.

Third-Party Contracts/Vendor: Maintain a current signed contract for all third-party vendors.

- Have the contracts reviewed by legal counsel if necessary.

Hardware: Each organization should maintain a hardware replacement schedule based on general hardware depreciation rules. Older hardware is not as secure and reliable.

### 602.3 EMAIL SECURITY

Phishing – “Phishers” send spam or pop-up messages claiming to be from a business or organization that you might deal with on a regular basis (i.e. your financial institution, an Internet Service Provider (ISP), a government agency).

- This is the “phishers” way of tricking you into divulging personal information so they can steal your identity.
  - Never open unsolicited email messages
  - Don’t open attachments from people you don’t know or don’t expect
  - Don’t reply to or click on links in email or pop-ups that ask for personal information via email
  - Legitimate companies never ask for this information in this manner
- Verify the request by calling the company directly; however, use a contact number on a recent statement instead of one given on the email.
- You can confirm a URL link in an email by hovering your mouse over the link to verify where you will be directed on the internet. Make sure the web address displayed is indeed a site you wish to be directed to.

Attachments – A virus sent over email cannot damage your computer without your help.

- Never open an email attachment unless it is from a known source, or you know what it contains.
- When sending emails, help others trust your attachments by including a message in your text explaining what you are attaching.

Encryption – Any sensitive information sent over the internet via email or stored on mobile devices should be encrypted.

- You can encrypt individual email messages by setting that configuration option within your email account. By default, email messages are NOT encrypted.

- In Microsoft Outlook, that setting is located within the Tools – Options – Security – Encrypted Email window. Check the box for “Encrypt contents & attachments for outgoing messages.”
- For highly confidential, private messages, consider using an encryption service for individual email messages.

Suspicious Emails: When in doubt, DELETE!

## 602.4 MOBILE DEVICES

Laptop – Hard Drive encryption/safeguarding appliance – Encrypt the hard drives of all mobile devices.

- Anywhere from 500,000 to over 1,000,000 laptops are lost or stolen in the United States each year. In some cases, the data on the hard drive is often more valuable than the machine itself.
- To determine if disk encryption is something you should be considering, simply ask yourself if your laptop contains anything you would not want posted publicly on the internet. If the answer to this is yes, then encryption is worth considering.
- There are many Open Source (free) disk and file encryption software programs available as well as licensed products. Many of those programs also encrypt data on external hard drives and USB devices.

Cell Phones/Smart Phones – Implement a mobile device use policy that includes the use of cell phones for business purposes.

- Include in the policy information about personally owned equipment versus organization owned equipment.
- Be clear on what types of organizational information can be accessed via cell phone and how that information is transmitted and/or stored.
- Safeguard personal health information, credit card numbers, bank account numbers, etc.
  - Use the keypad lock or phone lock function on your mobile device when it is not in use. These functions password protect your device so that nobody else can use it or view your information.
  - Store your device in a secure location.
  - Frequently delete text messages, especially those from your financial institution.
  - Never disclose via text message any personal information (account numbers, passwords, social security number, date of birth, etc.)
  - If you lose your mobile device or change your mobile phone number, remove the old number from your mobile banking profile at your bank.

- Download mobile applications (apps) from reputable sources only. Download the most recent version of the app.
- Sign off when you finish using a bank app rather than just closing it.
- Bookmark the official mobile banking site and reference it only.
- Telephone or Voice Phishing: This is known as vishing. This tactic is a phishing attempt made through a telephone call, fax or voice message.
  - If you are uncomfortable continuing a phone call that was not initiated by you, ask for a reference number and call the company using legitimate sources of contact information.
- Text message Phishing: A phishing attempt sent via SMS (Short Message Service) or text message to a mobile device is referred to as smishing. The purpose of text message phishing is the same as traditional email phishing: convince recipients to share their sensitive or personal information.
  - Never disclose via text message any personal information, including account numbers, passwords, or any combination of sensitive information that could be used fraudulently.
  - Use caution if you receive a text message expressing an urgent need for you to update your information, activate an account, or verify your identity by calling a phone number or submitting information on a web site.
  - These messages may be part of a phishing scam conducted by fraudsters to capture your confidential account information and commit fraud.

iPads– iPads and other tablets or Netbooks should be referenced in your organization’s mobile device use policy.

USB’s/Flash Drives/External Hard Drives – Limit USB ports and serial ports on networked computers. These are the most common entry points for problems.

- Some organizations eliminate access to USB ports and serial ports due to this risk.
- You can disable the use of USB Ports by changing this setting on the PC through the Control Panel options.
- You can establish a domain policy on the network to prevent all access from any USB storage device.
- In Microsoft Windows operating system, this setting is found in the Device Manager area. You can click the device and disable it.

- Any USB device that will be connected to a networked computer must first be scanned by your antivirus program for any virus or spyware, prior to every connection to the networked computer.
- To scan a USB device, you must plug the device into your computer (do NOT open any files). Then open your antivirus program and choose to scan the port where you have plugged in the USB device. Refer to the Help Menu of your antivirus software program for assistance

## 602.5 ONLINE/ELECTRONIC BANKING

Utilizing your Bank's Website – Establish a clear procedure for electronic banking that creates dual controls and minimizes risk from online fraud. Do not depend solely on the bank to protect you. Verify that your financial institution has ample security measures in place to protect your data and the access to your account, but each parish/school must take responsibility for its own protection and security.

The following is **mandatory** when utilizing online banking:

- A separate stand-alone computer must be used whenever you are logging onto your bank's website. This can be an older computer, that has been cleared off by a professional.
  - No other internet browsing, or email should be allowed on this computer
  - Allow no stored or saved passwords
  - Remove all unnecessary user accounts
  - Remove all non-essential programs
  - Turn off Remote Desktop and Remote Assistance
- Transfers between bank accounts should always be approved by two people. This could be the bookkeeper and the Pastor or Finance Council Member. Both people should sign a form illustrating the approval of this transaction. This authorization should occur before the online transfer is initiated. Determine if your bank can create transfer templates, whereby only specified accounts can be transferred to. This will reduce the risk of fraud and theft but also of accidentally typing in an incorrect bank account number.
- After the transfer has been processed, print out a confirmation to attach with the dual authorization form.
- Do not have any overdraft protection on any bank account.

The following are **strongly recommended** when utilizing online banking:

- Ask your bank if they offer any additional security measures, such as Positive Pay, Iron Key, and Trusteer Rapport software. Another security measure is utilizing a fob (which would be provided by the bank) to log into the bank's website instead of creating a password.

- Have an employee or Finance Council Member who does not have signatory power on any bank account and view only access, sign onto the bank accounts regularly to look for suspicious activity. It is recommended that at least once a week this person view the activity.

If you utilize ACH as a method of payment or for deposits:

- Upload the ACH file to the bank’s website utilizing the stand-alone computer. Do not email the file to the bank through normal email channels.
- Ask your bank to notify you either by email or phone for all electronic transactions.
- Have dual authorization for all ACH transactions processed. Similar to the process for bank transfers, two people should sign a form authorizing the ACH transaction. This could be the bookkeeper and the Pastor or Finance Council Member.
- Print out a confirmation illustrating the ACH’s successful upload and file this, along with the authorization form, with the journal entry recording the transaction in the general ledger.
- Ask your bank to set up templates to be used for disbursements with the receiving bank account information defined. This might be used for employees receiving paychecks and expense reimbursements.

*See page 19 for more information on Electronic Banking.*

## **602.6 INTERNET USAGE (INCLUDING SOCIAL NETWORKING SITES)**

Computer Usage Policy (including PC, Internet, Email, Social Networking Sites, Instant Messages) – Draft and implement a Computer Usage Policy that includes internet usage.

- Provide a hard copy to all employees and have them sign that they have read and understand the policy.
- Outline the acceptable use of computer equipment.
- Include a statement that indicates that any data created on organization owned systems remains the property of the organization.
- Be sure to outline those items that are considered Unacceptable.

Web Filters – Install filters to prevent users from accessing forbidden sites.

- You can install web filters directly on a router and then apply the settings to all computers connected on a network.
- Web filters can be applied by site category, or by specific URL addresses. Many filter programs offer a setting for “known” bad sites as well. Apply those settings and monitor them.

- Check a website’s reputation before navigating to it. You can also confirm a business website by going to the Better Business Bureau website, BBB.org.

URLs vs. Pop-ups (Alt-F4) – Pay close attention to any URL address that you travel to on the internet. Many times, you can hover your mouse over a link in an email or on a website to reveal the URL where you will be taken if you click on it.

- Pop-Up Windows are small windows or ads used to obtain personal information.
  - These windows may be generated by programs hidden in free downloads such as screen savers or music-sharing software.
  - Avoid downloading programs from unknown sources on the internet.
- If you receive Pop Up messages while on the internet, you can close the window by clicking on Alt-F4 instead of clicking inside of the pop-up box, which many times is a URL link.
  - You can also close down a rogue internet browser window by clicking on Ctrl-Alt-Del on your keyboard, choose Task Manager and click on the Applications tab.
  - Close the internet browser window by highlighting it and clicking on End Task.
  - As a last resort, perform a hard shut down by pressing and holding the computer power button until the machine powers off.
  - Leave the machine off for at least 30 seconds before powering back on.
- Disable the remote login option on the computer if it is not necessary for daily job performance. This setting can be found in Control Panel – System – Remote.

Downloading (.exe files) – Any file with an .exe extension is an executable file and will make changes to the hard drive of your computer. Only download and install legitimate software. Applications should only be installed by an “Administrator” login.

Online Forms (online banking, enter account #, password = form) – Do not save the information you enter into online forms for later use (i.e. bank login forms).

- Ensure the website is secure prior to completing any online forms.
  - Examples include a “lock” icon on the browser’s status bar or a website URL beginning with “https:”
  - Read and understand the website’s privacy policy to understand how the information you enter will be collected, used, and distributed.

Always log off from any website after making a purchase with your credit or debit card.

- If you cannot log off, shut down your browser to prevent unauthorized access to your account information.

Close your browser when you are not using the internet.

Would you like to “Remember”? Don’t save information! Don’t save usernames! – This data is entered and stored in a file that could be later accessed by someone without authority.

Delete Cookies & Temp Internet Files. Delete History – Establish a maintenance routine that includes these actions on your PC.

- In Windows operating system, you can do this via the Control Panel – Internet Options.
- This should be part of your routine monthly maintenance on your workstation that also includes patching any application updates that may be available.

Social Networking Sites – Establish a clear Acceptable Use Policy for the use of Social Networking Sites that are both related to your organization, and those that are personally owned by organization staff.

- Other users may recognize staff as representing the values of the Catholic Church. Establish “Best Practices” for all kinds of Social Networking including Facebook, MySpace, Blogging, etc.

VPN Access – Establish a policy on organization staff working from home.

- The policy needs to address the type of work that can be done from outside of the organization’s network. It should also address the need for security.
- The home computer must pass antivirus/antispyware/antimalware standards before it can be allowed to connect to the organization network.
- The home user must monitor the VPN connected computer so that non-authorized users do not gain access to organization information.
- No banking work should be completed from outside of the secured organization network.

Wireless Network: Confirm you have secured your wireless network using current WPA2 (wireless encryption protocol).

- WEP is no longer an adequate security protocol.
- Utilize current router hardware. Do not allow unauthorized users onto your wireless network. Your unsecured network can be used for illegal purposes and other computers on an unsecured wireless network can be accessed.

Turn your computer off completely when you are finished using it – do not leave it in sleep mode.

## 602.7 PCI COMPLIANCE (INCLUDING CREDIT CARDS & ACH)

Policy – Adhere to the Payment Card Industry Data Security Standards released by the Security Standards Council. Any staff with access to data that should meet these standards should be familiar with the policy.

Adherence – Work to continuously adhere to each of the standards.

Testing/Proving – Work to continuously test the security of the data and document all standards and procedures that are in place to safeguard this data.

## 602.8 ONLINE RESOURCES

### **Antivirus Programs:**

Webroot antivirus: <https://www.webroot.com/us/en/home/sem/brand>

AVG antivirus: [http://www.avg.com/us-en/trustav\\_bt\\_ppc?ctype=ppc\\_us\\_yms\\_0025](http://www.avg.com/us-en/trustav_bt_ppc?ctype=ppc_us_yms_0025)

Norton Antivirus: <http://us.norton.com/>

McAfee Antivirus: <http://www.mcafee.com/us/>

Kaspersky Antivirus: <http://usa.kaspersky.com/>

AVAST Antivirus: <http://www.avast.com/>

### **Firewall Applications:**

Microsoft Security Essentials: [http://www.microsoft.com/en-us/security\\_essentials/default.aspx](http://www.microsoft.com/en-us/security_essentials/default.aspx)

Zone Alarm Firewall: <http://www.zonealarm.com/security/en-us/zonealarm-pro-firewall-anti-spyware.htm>

Private firewall Firewall: [http://www.privacyware.com/personal\\_firewall.html](http://www.privacyware.com/personal_firewall.html)

Fortinet Firewall: <http://www.fortinet.com/>

Comodo Firewall: <http://personalfirewall.comodo.com/>

### **AntiSpyWare Programs:**

Spybot Search & Destroy AntiSpyWare: <http://spybot.searchdestroynow.com/>

Spyware Doctor Antispyware: <http://www.pctools.com/spyware-doctor/>

### **Password Management Programs:**

KeePass Password Safe management tool: <http://keepass.info/>

LastPass password management tool: <https://lastpass.com/>

1Password password management tool: <https://agilebits.com/products/1password>

### **Common Software Updates & Security Patches:**

Microsoft Updates Site: <http://www.update.microsoft.com/microsoftupdate/v6/default.aspx?ln=en-us>

Adobe Product Updates Site: <http://www.adobe.com/downloads/updates/>

Secunia Personal Software Inspector: <http://secunia.com/>

Microsoft Baseline Security Analyzer: <http://technet.microsoft.com/en-us/security/cc184923>



**Encryption Tools and Hard Drive Erasers:**

Windows 10 Bitlocker encryption: <https://support.microsoft.com/en-us/help/4028713/windows-10-turn-on-device-encryption>

WipeDrive hard drive eraser: <http://www.whitecanyon.com/wipedrive-erase-hard-drive.php>

HardDriveEraser: <http://www.harddriveeraser.org/>

TrueCrypt Encryption: <http://www.truecrypt.org/>

**Email Spam Filtering Services:**

Spam Assassin Email Filter: <http://spamassassin.apache.org/>

Appraver Email Filter: <http://www.appriver.com/>

Email Filter: [www.mailwasher.com](http://www.mailwasher.com)

**Web Filtering Tools:**

Web of Trust is an add on to your internet browser that will warn you of questionable websites:

<http://www.mywot.com/>

Barracuda Web Filters: <http://www.barracudanetworks.com/ns/?L=en>

K9Web Protection Web Filters: <http://www1.k9webprotection.com/>

Net Nanny Web Filters: <http://www.netnanny.com/>

Web Filter: [www.opendns.com](http://www.opendns.com)

**Payment Card Industry (PCI) Resources:**

PCI Security Standards Council Site:

[https://www.pcisecuritystandards.org/security\\_standards/index.php](https://www.pcisecuritystandards.org/security_standards/index.php)

Financial Computing Article: [www.komando.com](http://www.komando.com)

**Diocese of Des Moines Computer Usage Policy:**

<https://www.dmdiocese.org/resources/technology/parishsoft>

**Diocese of Des Moines Social Networking Policy:**

[http://www.dmdiocese.org/pdfs/finance\\_and\\_technology/tech\\_tips/Social%20networking%20Policy.pdf](http://www.dmdiocese.org/pdfs/finance_and_technology/tech_tips/Social%20networking%20Policy.pdf)

**United States Conference of Catholic Bishops:**

<http://www.usccb.org/index.html>



# Schools

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Contained in this section are the policies/procedures which are specific to schools. For additional information about the administration of schools such as: Board of Education Manual, and Catholic Schools Policies and Regulations go to [www.dmdiocese.org/catholic-schools.cfm](http://www.dmdiocese.org/catholic-schools.cfm) under *About Catholic Schools*.

## 701 Tuition and Fees

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### 701.1 SEGREGATION OF DUTIES

The following four job duties should ideally be done by different individuals:

1. Access to receipts (e.g., money collection points, counting, depositing)
2. Recording of transactions (e.g., general ledger, tuition/fee receivables)
3. Signing checks/withdrawing funds from financial institution accounts
4. Reconciling (e.g., bank/investment accounts, tuition/fee receivable)

Reconciliations should have both a preparer and a reviewer and these should be different people. It is good for both to document their duties by signing and dating the reconciliations. Given the supervisory nature of the review, the reviewer should not be a subordinate of the preparer and also should not be a recorder of transactions for the area under review.

### 701.2 PRE-PAID TUITION/FEEES

Tuition and Fees are often paid in advance, prior to students beginning classes. When funds are received in advance, record them in a Pre-paid Tuition or Pre-Paid Registration Fees account (similar to a deferred revenue account). These pre-paid accounts represent liabilities of the school; monies have been received, but services (classes) have not been provided. As services are provided, reverse the liability and then recognize the income.

### 701.3 RECEIPTS OF TUITION/FEEES

Many schools have the majority of their tuition/fee receipts handled through ACH which eliminates money physically coming into the school and improves cash flow. Controls recommended for monies that are received directly by the school are similar to those recommended for parish Mass collections which include dual control over unsecured funds, the use of tamper-resistant bags, a bag tracking form, and count teams of at least two unrelated people. *Please see page 25 for more information about internal controls related to cash handling.*

Once the monies are counted, a triplicate deposit slip should be prepared with one copy attached to the signed count sheet, one to accompany the bank deposit, and one to remain in the deposit booklet (or filed in numerical order, if individual pre-numbered slips). The deposit sent to the bank should be in a pre-assigned tamper-resistant bag, or locking bank bag, and the bank should be made aware to expect such.

## 701.4 TUITION BILLING

All Schools are currently using or are moving towards utilizing FACTS for tuition billing. An aging report should be regularly reviewed detailing account balances as well as a total of all the receivables. Monthly aging reports should sort individual accounts into categories similar to the following:

- Current balances
- >30 days and ≤ 60 days
- >60 days and ≤ 90 days
- >90 days

The aging report should show subtotals for each of the above breakdowns so that the grand total will represent all tuition/fee receivables. This balance should be reconciled to the detailed tuition/fee receivables report (if a different report). The aging report should be reviewed with the Finance Council on a monthly basis while school is in session. Statements should be sent to account holders on the basis of their payment schedule, unless past due, in which case, statements should be sent monthly.

Receivables greater than 90 days old with no payment activity, should receive special attention, including personal follow-ups. Develop and implement an action plan for these older receivables. Inevitably, a tuition receivable may become uncollectable and at that point it should be removed. If this becomes necessary, prepare and review documentation with the Finance Council and Father for their approval before writing any amounts.

At the end of the school year, if balances are still owed that are expected to be collected, a journal entry similar to the below should be made. This will ensure that the income from the tuition owed is recorded in the correct school and fiscal year. In the below example, it is determined the \$20,000 is still owed by families for tuition for which the school expects to collect.

<b>Acct No.</b>	<b>Acct Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Comment</b>
1415	Accounts Receivable - Tuition	20,000		FY2017 Tuition Receivable
201-430001	Tuition – Regular		20,000	FY2017 Tuition Receivable

## 702 Scrip

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Scrip is another name for gift cards and is a fundraising program used by schools and some parishes. The school/parish typically purchase the gift cards at a discount from a scrip clearinghouse, such as *Great Lakes Scrip Center* and certain local vendors and sell the cards to parents and parishioners at the regular retail price.

### 702.1 SCRIP HANDLING GUIDELINES

Given that the scrip gift cards really represent an alternative form of currency, they should be treated as cash. Accordingly, schools and parishes should follow the same procedures used in handling cash:

1. Scrip should be stored in a safe, which is locked at all times. The safe should be kept in a non-obvious, secure area on the school/parish premises. Scrip records should be kept separate from scrip. Scrip inventory should never go home with anyone.
2. Two people should always be present when scrip is not secured.
3. A large inventory of scrip should not be maintained. Scrip can be received from the National Scrip Center (or other scrip clearinghouses) in one day by airmail. Schools and parishes can keep inventory levels low by only ordering the amount of scrip which has been requested by program participants.

Inventory can be reduced dramatically by introducing online ordering through a scrip clearinghouse.

4. Adequate bookkeeping that tracks the purchase and distribution of scrip is required. Many companies, including the scrip clearinghouses, provide software for this purpose. If possible, maintain a record of scrip serial numbers for the scrip purchased and sold. In the event that scrip would be lost or stolen, the recording of the serial numbers would allow the school/parish to quickly identify which scrip was missing. Local stores could then be alerted to watch for the stolen scrip.
5. Scrip can be sent home from school with a parent's son or daughter if the parent signs a waiver providing the school permission to do this. *See page 191 for sample waiver form.*
6. Scrip should be counted by two people and compared to inventory records at least weekly. Any differences found between actual counts of scrip and scrip inventory records should be communicated to the accounting staff or business manager on a timely basis and, if significant (5 or more cards missing), to the pastor, auxiliary group responsible (if applicable), principal, and finance council.
7. Scrip records should be reviewed by the school/parish finance council on a regular basis.

## 702.2 SCRIP AGREEMENT

A scrip agreement is a form that is signed by the scrip purchaser and the school/parish which describes how the scrip profit is to be used (profit from scrip is determined by subtracting the cost of the gift cards from the face value of the gift cards) and other parameters of the program.

If a school/parish sells scrip and automatically retains the profit and does not record any donation from the scrip purchaser, an agreement is not required. An example of this would be the St. X Home and School sells scrip after Mass, retains all of the profit, and does not record a taxable donation by the purchaser.

A scrip agreement is required if any of the following is true:

1. The scrip profit is going to be applied to an amount that is owed. In most cases a family purchases scrip to help pay their tuition/fees.

2. The scrip purchaser is getting a taxable deduction for the scrip profit amount.
3. The scrip purchaser receives the scrip profit back as a cash refund.

This agreement is required for two reasons; to avoid what the IRS might determine to be a “private benefit” to the purchaser and to allow the profit that is donated to the school/parish to be tax deductible for the purchaser. If the scrip profits are directed to a specific family by the purchaser, they are not to be considered a tax deductible donation.

*See page 192 for a sample Scrip agreement.*

### 702.3 CHARITABLE DONATIONS

A charitable deduction is not possible for the following:

- Scrip profit returned as a cash refund,
- Scrip profit used as tuition or lunch/activity credit,
- Scrip profit *required* to be donated (non-refundable) – the example above regarding St. X Home and School selling scrip is an example of this.

Scrip profit donated voluntarily to the school/parish, without restriction or for an established ministry, would qualify as a charitable donation for tax purposes as long as there is a scrip agreement which lists a cash refund option. *See page 30 for more information about tax deductible donations.*

A 1099-MISC does not need to be completed for the profit returned to the scrip purchasers as the IRS considers the refunds to be non-taxable rebates.

### 702.4 GENERAL LEDGER ENTRIES

Scrip cash and inventory should be recorded on the Statement of Financial Position and scrip purchases and sales should be recorded on the Statement of Activities. Once the initial accounts are set-up, they should be updated at least monthly. The following entries are needed to record scrip activities on the financial statements.

*The first two entries assume that the school/parish has a scrip checking account and inventory which have not been recorded on the Statement of Financial Position:*

1. Record scrip checking account balance:

Acct No.	Account Description	Debit	Credit
1314	Scrip Checking	x	
3020	School Fund Balance		x

Pick a reconciled “as of date” and use for this entry and the next. Try to avoid having any purchases/deposits in transit. Contact the Diocesan Finance Department to make Fund balance entries.

2. Record scrip inventory (at cost):

<b>Acct No.</b>	<b>Account Description</b>	<b>Debit</b>	<b>Credit</b>
1430	Scrip Inventory (at cost)	x	
3020	School Fund Balance		x

Scrip should be counted and balanced before this entry is made. Beware of any scrip purchase in-transit for which a check has already been issued.

3. Purchase of scrip inventory (at cost):

<b>Acct No.</b>	<b>Account Description</b>	<b>Debit</b>	<b>Credit</b>
1430	Scrip Inventory (at cost)	x	
214-710030	Program Supplies (Shipping Exp)	x	
1314	Scrip Checking		x

Program 214 is to be used for a school's scrip program. Program 120 would be used by a parish's scrip program.

4. Sale of Scrip inventory: Recording increase in cash/income

<b>Acct No.</b>	<b>Account Description</b>	<b>Debit</b>	<b>Credit</b>
1314	Scrip Checking	x	
214-420001	Auxiliary Income		x

5. Sale of scrip inventory: Recording inventory reduction/expense

<b>Acct No.</b>	<b>Account Description</b>	<b>Debit</b>	<b>Credit</b>
214-710040	Program Supplies – Cost of Scrip Sold	x	
1430	Scrip Inventory		X

6. Inventory Adjustment: Recording unexplained/missing inventory

<b>Acct No.</b>	<b>Account Description</b>	<b>Debit</b>	<b>Credit</b>
214-700040	Other Expenses – Lost Cards	x	
1430	Scrip Inventory		X

## 702.5 UNRELATED BUSINESS INCOME (UBI) EXEMPTION

The IRS allows an exemption from the calculation of UBI tax when at least 85% of work performed for scrip comes from volunteers. If any time is provided by paid staff, e.g., preparing checks for scrip purchases, receiving scrip orders, etc. then both volunteers and paid staff need to record their time for a representative time period of 2-4 weeks spent on scrip to document that at least 85% of the time is provided by volunteers. If a school or parish has less than 85% volunteer participation, then UBI rules apply for the scrip income.

Any person involved in operating the scrip program, who is compensated for their time in any way (pay check, gift card, tuition credit, etc.), is not considered a volunteer.

# Diocesan-Wide Policies

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This section contains the policies approved by Bishop to be carried out across all Diocesan entities.

## 801 Fraud Policy

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### Policy Statement

The Diocese of Des Moines promotes a culture of honest and accountable stewardship of God's gifts. There is a significant responsibility associated with being stewards of the temporal resources of the church: responsibility to safeguard the Church's assets, to exercise prudence in financial matters, to be accountable to those who provide monetary support to the Church, and to comply with all civil regulations.

Fraud is not tolerated. The prevention of fraud is the responsibility of all clergy, religious, lay employees, trustees, finance council members and other volunteers involved in church administration by adherence to Diocese policies and procedures. The Diocese expects that any suspected case of fraud will be reported, and provides assurance against recrimination. Persons found to have participated in fraudulent acts will be subject to disciplinary action, including termination, and civil and criminal prosecution.

### Actions Constituting Fraud

The Diocese of Des Moines defines fraud as the intentional misuse or misappropriation of a Diocesan entity's resources or assets for the personal enrichment of the perpetrator or others. Fraud also includes the intentional false representation or concealment of a material fact relating to the misuse or misappropriation of a Diocesan entity's resources or assets. Additionally, fraud also includes any intentional falsification of, or misrepresentation in, financial statements. Actions constituting fraud include, but are not limited to:

- Misappropriation of funds, securities, supplies or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Breach of fiduciary duty, including disclosing confidential information to outside parties;
- Seeking anything of value from contractors, vendors or persons providing (or seeking to provide) services/materials to a Diocesan entity for one's or another's personal benefit;
- Accepting anything of value from contractors, vendors or persons providing (or seeking to provide) services/materials to a Diocesan entity for one's or another's personal benefit, in violation of the Diocesan Conflict of Interest Policy;
- Bribery;
- Inappropriate use of computer systems or other property of the Diocesan entity;
- Unauthorized destruction or removal of records, furniture, fixtures and equipment;
- Intentional falsification of, or misrepresentation in, financial statements; and
- Any dishonest act.



### Reporting Fraud to the Diocese

Suspected fraud should be reported to Diocesan personnel as designated by the Bishop, i.e., vicar general, chancellor, attorney, or chief financial officer. All suspected frauds are to be reported as soon as possible. Failure to promptly report suspected acts of fraud may jeopardize the Diocese's ability to recover stolen funds and/or property, or to correct improperly prepared financial statements on a timely basis. Reports of suspected fraud should include all relevant information about the suspected act, including any material evidence that exists.

### Investigation

The designated Diocesan personnel shall be responsible for a thorough and expeditious investigation of the suspected fraud. Unless the report was anonymous, the person submitting the initial report will receive confirmation indicating that their report was received and that the subsequent investigation is confidential. That person may or may not be contacted during the investigation.

Proposed decisions on disposition of a case will be decided by the Diocesan Bishop or his designee(s). The results of all reported fraud investigations and the final resolution of all confirmed acts of financial fraud shall be reported to the Audit Committee/Finance Council.

### Records Retention

Fraud investigation files should be retained in accordance with guidelines established by the Diocesan attorney.

### Confidentiality

Information about cases will be disclosed to those parties with a legitimate need to know. All parties with knowledge of such cases are to maintain confidentiality in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct, and to protect the Diocese from potential civil liability.

## **802 Policy to Report Wrong-doing**

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### General

The Diocese of Des Moines Code of Conduct requires all representatives of the Church, including clergy, religious, directors, and other volunteers, and lay employees, to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. All representatives of the Church must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations.

The objectives of the Policy to Report Wrong-doing are to establish policies and procedures for:

- The submission of concerns regarding questionable financial or legal matters, violations and suspected violations of the Code of Conduct, Code of Canon Law and other concerns by the stakeholders of the Church, on a confidential and anonymous basis;
- The receipt, retention, and treatment of complaints received by the organization;
- The protection of anyone reporting concerns from retaliatory actions.

### Reporting Responsibility

Each representative of the Diocese of Des Moines has an obligation to report in accordance with this policy (a) questionable or improper accounting or auditing matters, (b) violations and suspected violations of Diocese's Code of Conduct and (c) other financial, legal or canonical concerns (hereinafter collectively referred to as Concerns).

Reports of Concerns should be made to Diocesan personnel as designated by the Bishop, i.e., vicar general, chancellor, attorney, or chief financial officer. All Concerns are to be reported as soon as possible. Reports of Concerns should include all relevant information about the suspected act, including any material evidence that exists.

### No Retaliation

This policy is intended to encourage and enable stakeholders to raise Concerns within the Organization for investigation and appropriate action. With this goal in mind, no stakeholder who, in good faith, reports a Concern shall be subject to retaliation or, in the case of an employee, adverse employment consequences. Moreover, anyone who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including dismissal from their position within the Church.

### Investigation

The designated Diocesan personnel shall be responsible for a thorough and expeditious investigation of the reported Concern.

Proposed decisions on disposition of a case will be discussed with the Bishop or his designee(s). The results of all reported Concern investigations and the final resolution shall be reported to the audit committee.

### Acting in Good Faith

Anyone reporting a Concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice, or a violation of the Code of Conduct or other governance policies. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from their position with the Church. Such conduct may also give rise to other actions, including civil lawsuits.

### Confidentiality

Reports of Concerns, and investigations pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Disclosure of reports of Concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline, up to and including termination of the violators' position in the Church. Such conduct may also give rise to other actions, including civil lawsuits.

## 803 Conflict of Interest Policy

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For the current policy please refer to the below webpage on the Diocesan website.

<https://www.dmdiocese.org/resources/parish-governance>

## 804 Building Contracts

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### 804.1 POLICY ON USE OF GENERAL CONTRACTORS

**PURPOSE:** The purpose of this policy is to insure that all of the various entities that are part of the Diocese of Des Moines are following the same procedures when making agreements with outside contractors.

In addition, to insure that the liability under the contract is assumed by the proper party and in particular that the Diocese, and any diocesan entities, do not agree to any unnecessary hold harmless provisions.

**PROCEDURES:** The following procedures will be followed by all Diocesan entities:

1. All Construction Contracts greater than \$50,000 must be submitted for review and approval by the Director of Property Management prior to beginning the project per the Diocesan Construction Guidelines. Contact the Director of Property Management or go to the Diocesan website.
2. All contractors and contracted service people are required to carry appropriate insurance (regardless of the size of the contract) and provide proof of their coverage. Minimum requirements are listed at the end of this policy.
3. Certificates of Insurance MUST be obtained verifying all three of the above types of insurance and naming the parish/institution and the Diocese as **additional insured** on the General Liability policy. (See sample Certificate of Insurance in Appendix on page 195).
4. Construction Contracts greater than \$50,000 should be written using one of the AIA (American Institute of Architects) Construction Contracts. These contracts should be amended per the attached Catholic Mutual "Addendum/Changes to the AIA Contract". (See page 196 for AIA Documents and see Addendum/Changes to the AIA contract on page 197).
5. All signed contracts must be maintained in a central file, specifically for warranty purposes and to monitor that the Certificates of Insurance certificates are up to date.
6. All Construction contracts greater than \$50,000 must include a performance bond.
7. Small construction jobs (less than \$50,000) including, renovations, small additions, etc. must have a signed contract prior to beginning project. See page 199 for a standard contract that can be used (before using an alternative contract provided by the contractor, have it approved by the Director of Property Management). Also see the Statement on the use of Service Contractors for insurance requirements (see page 148).

8. Professional service contracts should be used when contracting for the services of architects and engineers. **These contracts should require that the parish/institution and the Diocese be named as additional insured** on the Architect or engineer's Professional Liability policy. All professional service contracts must be reviewed by the Director of Property Management.
9. A retainage amount equal to 10% of the contract should be retained by the parish until final signoff of the project.
10. Minimum Insurance Requirements

Commercial General Liability Insurance:

(a) Each Occurrence Limit:	\$1,000,000
(b) General Aggregate:	\$2,000,000
(c) Products/Completed Operations:	\$2,000,000
(d) Personal and Advertising Injury:	\$1,000,000
(e) Fire Damage Liability:	\$50,000
(f) Medical Expense per Person:	\$5,000

Commercial Automobile Liability Insurance:

(a) Combined Single Limit Bodily Injury and Property Damage:	\$1,000,000
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Workers Compensation Insurance:

(a) Bodily Injury by Accident:	\$100,000 Each Accident
(b) Bodily Injury by Disease:	\$100,000 Each Employee
	\$500,000 Policy Limit

Umbrella Liability:

(a) Each Occurrence and Annual Aggregate Limit:	\$1,000
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## 804.2 STATEMENT ON SERVICE CONTRACTORS

When organizations engage a service contractor, whether paid or volunteer, for a repair or remodeling project, a contract or written agreement should be signed by both parties.

In an effort to reduce your exposure to loss or damage please use the attached Service Contractor Insurance & Indemnification Agreement (see page 206) **before** you engage a service contractor. This agreement specifies the minimum level of insurance to be carried. This policy does NOT apply to small routine maintenance jobs.

The following represents examples of when this agreement should be used:

- Electricians and plumbers

- Welding and “hot” work
- Roofers and painters (projects over 12ft in height)
- Companies providing maintenance services for fire extinguishers, hood systems, sprinkler systems, elevators, fire alarm and security systems, heating and cooling systems
- IT consulting firms
- Any work involving hazardous materials

### **Pre-Approval Requirements**

In addition to the contract with the contractor, parishes and schools are required to seek approval before engaging in building projects in the following cases:

All projects at the threshold of \$25,000 or greater, according to the norms of the United Conference of Catholic Bishops and approved by the Holy See, require a proxy from the Bishop.

All projects of \$50,000 or greater are ordinarily subject to the Building Commission requirements. If the project is just under \$50,000 parishes and schools are encouraged to work with the Building Commission.

All projects undertaken in our parish churches or chapels or related to liturgical questions require the explicit permission of the Bishop regardless of cost.

### **Examples of claims following work by an uninsured sub-contractor**

An uninsured handyman is hired to thaw some frozen pipes. He uses a propane torch and sets the church on fire. It burns to the ground and people are seriously injured. The church is liable for the injuries and any jury awards. The church’s property insurance pays for the building. The insurance company pays for the injuries, but the lawsuits drag out for five years. The church’s insurance costs are now triple what they were before the fire.

A contractor is installing a new kitchen in the rectory. Unfortunately, one of his co-workers forgets to shut off the water and floods the kitchen. The water seeps into the floors and the walls of the lower level resulting in \$200,000 in damages to the church.

A roofing contractor used a blowtorch to seal roofing materials on a church. The crew completed the work and went home. Sometime later that evening, the smoldering roof burst into flames, and the church burned to the ground. The cost to rebuild was estimated to be \$1.8 million. The church’s primary property/casualty insurer took responsibility and paid claims to the limits of the policy carried by the church: \$1 million. The contractor was uninsured, leaving the congregation \$800,000 short of the amount required to replicate the church it lost. Due to the loss, insurance costs increased significantly at the next renewal.

A school hired a contractor to paint the gym. The contractor was uninsured and fell off a ladder while painting in the school’s gym. The contractor broke both wrists and suffered a laceration over his right eye, and was never able to return to work. The contractor sued the school for hundreds of thousands of dollars to pay for his injuries and loss of income.

### 804.3 STATEMENT ON THE USE OF VOLUNTEERS FOR BUILDINGS AND GROUNDS

Volunteers are used and relied on at all of our parishes, schools, and other church organizations. This document seeks to provide some information to help keep those volunteers safe and to help our organizations know when it is appropriate to rely on volunteers.

Volunteers who perform services that would normally require someone to be certified, licensed, bonded and/or insured, should provide the same credentials and proof of insurance that would be required of an external vendor as noted in the Statement on the Use of Service Contractors.

Volunteers should sign the Building and Grounds Volunteer Worker Agreement (*see page 215*) if they are asked to perform tasks beyond simple cleaning and yard work. Please see the attached matrix for examples of work that is non-acceptable for volunteers.

For these repair and maintenance projects, the parish should appoint an individual familiar with the project's requirements to act as "foreman" for the day. This person should arrange for the Volunteer Agreements to be signed and should hold a short meeting before beginning work to emphasize safety first and assign tasks with which volunteers are comfortable. A Job Safety Analysis (JSA) is a tool that parishes may find very helpful when organizing volunteers for these projects. Please see the attached sample.

#### Catholic Mutual Assistance

If you have a project and are not sure if it is suitable for a volunteer, please contact DeAnn Bianchette, Risk Control Manager at [Dbianchette@catholicmutual.org](mailto:Dbianchette@catholicmutual.org) or (800) 228-6108 ext. 2317.

#### Volunteer Accident Policy

The parish/school participates in a diocesan-wide Volunteer Accident Policy. This policy provides some coverage for a volunteer's medical bills related to any personal accidents that take place while the volunteer is performing volunteer duties for the parish/school.

The parish/school Volunteer Accident Policy is secondary to the volunteer's personal insurance policy. This means that all accident medical claims must first be submitted to and processed by the volunteer's own insurance carrier before submitting a claim to the parish's/school's Volunteer Accident Policy carrier. See next page for examples of work matrix.

## VOLUNTEER WORK

AGES	ACCEPTABLE WORK <sup>1</sup>	NON-ACCEPTABLE WORK	ACCEPTABLE TOOLS TO USE	PROTECTION EQUIPMENT REQUIRED
<b>10-14 (with adult supervision)</b>	<ul style="list-style-type: none"> <li>• Simple cleaning operations such as dusting, mopping, and sweeping.</li> <li>• Light yard work such as raking or picking up branches and leaves.</li> <li>• Serving food at designated food distribution sites.</li> </ul>	<ul style="list-style-type: none"> <li>• No use of ladders or scaffolding.</li> <li>• No handling of toxic materials.</li> <li>• No use of power saws or other power-driven woodworking machines.</li> <li>• No operation of chain saws.</li> <li>• No operation of snow blowers or lawn mowers, including manual push types.</li> <li>• No structural demolition.</li> <li>• No excavation operations.</li> <li>• No operation of motor vehicles or power-driven hoisting apparatus.</li> <li>• No tree trimming.</li> <li>• No roofing operations or work related to roofs.</li> </ul>	<ul style="list-style-type: none"> <li>• Ordinary cleaning and yard work tools such as brooms, shovels, rakes, wheelbarrows, mops, rags, and buckets.</li> </ul>	<ul style="list-style-type: none"> <li>• Long shirts and pants, shoes or work boots, work gloves (as appropriate to nature of work).</li> <li>• Any Personal Protection Equipment (PPE) required per safety regulations for proper use of specific tools or materials, e.g. safety glasses, hearing protection.</li> </ul>
<b>PLEASE HAVE ALL VOLUNTEERS DOING ANY "ACCEPTABLE WORK" LISTED BELOW SIGN THE VOLUNTEER AGREEMENT</b>				
<b>15-17 (with adult supervision)</b>	<ul style="list-style-type: none"> <li>• As above, plus simple construction jobs such as putting up drywall or laying floors, tiles, carpets.</li> </ul>	<ul style="list-style-type: none"> <li>• As above.</li> </ul>	<ul style="list-style-type: none"> <li>• As above, plus hammers, pry bars, crowbars, floor scrapers.</li> </ul>	<ul style="list-style-type: none"> <li>• As above.</li> </ul>
<b>18-20</b>	<ul style="list-style-type: none"> <li>• As above, including more advanced demolition and construction projects.</li> </ul>	<ul style="list-style-type: none"> <li>• No use of ladders over 12 ft. or scaffolding.</li> <li>• No handling of toxic materials.</li> <li>• No use of power saws or other power-driven woodworking machines unless properly trained.</li> <li>• No operation of snow blowers or riding lawn mowers unless properly trained.</li> <li>• No structural demolition.</li> <li>• No tree climbing to trim branches.</li> <li>• No roofing operations or work related to roofs.</li> <li>• "No Hot Work" (e.g., torches, welding, grinding)</li> </ul>	<ul style="list-style-type: none"> <li>• As above, plus drills and simple power tools.</li> </ul>	<ul style="list-style-type: none"> <li>• As above.</li> <li>• Around power tools, avoid wearing loose clothing and long scarves; tie back long hair.</li> </ul>

<p><b>21 &amp; Older (Adult)</b></p>	<ul style="list-style-type: none"> <li>• All work jobs typically expected of volunteer workers and appropriate to their skillset.</li> </ul>	<ul style="list-style-type: none"> <li>• No use of ladders over 12 ft. or scaffolding unless properly trained.</li> <li>• No use of power saws or other power-driven woodworking machines unless properly trained.</li> <li>• No operation of snow blowers or riding lawn mowers unless properly trained.</li> <li>• No tree climbing to trim branches.</li> <li>• No roofing operations or work related to roofs.</li> <li>• No "Hot Work" (e.g., torches, welding, grinding)</li> </ul>	<ul style="list-style-type: none"> <li>• Any tools as appropriate to the nature of the jobs.</li> </ul>	<ul style="list-style-type: none"> <li>• As above.</li> </ul>
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## 805 Facility Rental Policy

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### 805.1 LETTER FROM BISHOP PATES

*On May 17, 2016 the following letter and policy was sent by Bishop Pates to all parishes/schools.*

**To:** Priests, Deacons, Parish and Institutional Administrators, Diocese of Des Moines

**From:** Most Reverend Richard E. Pates

**RE:** Facility Rental Policy

Attached to this communication you will find a policy to provide instruction to those of you that allow your building facilities to be used under any circumstances for "non-parish/school" events. This policy has been carefully reviewed by the Presbyteral Council, the Diocesan Finance Counsel and representative administrators of different parishes, schools and institutions. Many of you have been choosing wisely what groups are allowed to use the facilities but it is important to have a written policy spelling out when you will reject a request so that you are not accused of discrimination. Please read the policy carefully and contact Paul Carlson if you have any questions.

The policy references the existing Third Party Special Events Coverage policy (*see page 155*) that deals with the liability insurance requirements. This policy also dictates that a Facilities Use Agreement be completed by the renter of your space and references a sample agreement (*see page 211*).

I believe that this sample agreement is ready for your use by simply adding the parish name in the appropriate places. If you have a user agreement in place at your facility please modify it appropriately to make sure it is in compliance with this policy and the Special Events policy (*see page 155*). Your agreement must include the following language:

- This Facility is owned and maintained by the Roman Catholic Church of this community. As such the Licensee will agree to respect our faith and policies of the Diocese, and will not knowingly or intentionally use the facility in a way that is in conflict with the teachings or policies of the Catholic Church.



- Licensee agrees to provide general liability coverage as called for under the diocesan Third Party Special Events Coverage policy (*see page 155*)
- Indemnification and Hold Harmless. To the fullest extent permitted by law, Licensee will indemnify Owner and save Owner, its agents and employees, and hold harmless from and against any and all claims, actions, damages, liability, and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in or upon Owner's property, or the occupancy or use by Licensee of the property or any part thereof or the use by Licensee of any adjacent property, or occasioned wholly or in part by any act or omission of Licensee, its agents, employees, servants, Licensees, concessionaires, guests or other attendees. In case Owner shall be made a party to any litigation commenced by or against Licensee, Licensee shall protect and hold Owner harmless and shall pay all costs, expenses and reasonable attorney's fees incurred or paid by Owner in connection with such litigation.

Thank you for all that you do on behalf of the church and its mission.

## **805.2 PARISH, SCHOOL, AND INSTITUTIONAL FACILITY USE POLICY**

**Applicable to:** All Parishes, Schools and Institutions

**Adopted:** May 18, 2016

### **Purpose:**

This policy has been developed to assist in determining whether, and under what circumstances, to permit a non-parish or non-school group to use a parish, school, or institution facility.

1. Parish, school and institution facilities are the product of God's benevolence and the sacrifice of parishioners. Parish, school, institution and Diocesan groups have priority in the use of parish and school facilities. In the spirit of community service, and in the spirit of evangelization, facilities may be used by persons and groups so long as the use is consistent with this policy and the teachings of the Roman Catholic Church.
2. Granting the use of a facility to a group or organization that does not further the mission of the Church does not necessarily constitute an endorsement by the local parish, school or institution, the Diocese of Des Moines, or the Catholic Church of the principles or philosophy of the group being granted use of the facility. Nevertheless, it is important to present a consistent message to the congregation and community. Parish, school and institution facilities of any nature must be used in a manner that is not contrary to the teaching of the Roman Catholic faith (2 Corinthians 6:14).
3. The pastor or canonical administrator of the parish, school and institution facility may establish more specific guidelines on the use of facilities consistent with this Policy.

**Policy:**

1. The pastor or administrator of the parish, school and institution facility will determine whether the facility to be rented will be made available for use to groups that do not further the mission of the Church. In making this determination, the pastor or administrator will take into consideration the doctrines of the Roman Catholic faith and the needs and operations of the parish or school.
2. There is a difference between buildings that are built exclusively for worship and buildings which may have multiple purposes. The primary purpose and function of the Church building is the prayer and worship of the faithful. Any other use proposed to be made of the Church building shall not be of a nature that may contradict the Church building's primary purpose and function, in keeping with the canonical norms regulating sacred space. Other structures and facilities, though perhaps not worship spaces for purposes of canon law, are nevertheless closely linked to the worship space that they must be used consistent with the doctrine of the Roman Catholic faith.
3. In cases where the pastor or administrator has decided to make a parish or school facility available to individuals or groups that do not further the mission of the Church, such facility may be leased to an individual or group. A written Facilities Use Agreement must be completed for any arrangement. A standard sample agreement is attached to this Policy (*see page 211 for example*).
4. The use of a parish, school or institutional facility shall not be granted to any individual, group or organization, whether parishioners or non-parishioners:
  - a. whose purpose, tenets, acts or omissions, or objective contradict the faith and morals of the Catholic Church or the policies of the Diocese of Des Moines, as determined by the Bishop of the Diocese of Des Moines;
  - b. when the activity for which the facility is to be used contradicts the faith and morals of the Catholic Church or the policies of the Diocese of Des Moines, as determined by the Bishop of the Diocese of Des Moines;
  - c. when doing so would directly involve the Church in partisan politics in support of one candidate for civil office and in opposition to other candidates for the same office;
  - d. when unlawful, unsafe, or hazardous activity may occur as a result; or
  - e. whenever the pastor or administrator or the Diocese determines that the granting of such use will not be in the best interest of the parish, its parishioners, the faithful or the Diocese, or that the denial of such use is necessary to avoid scandal.
5. Individuals, groups or organizations desiring to use a parish, school or institutional facility shall obtain acceptable liability insurance coverage. See the policy of the Diocese of Des Moines

called Third Party Special Events Coverage (page 155).

6. Recognizing the tax-exempt status of parishes and the Diocese, it is recommended that whenever a rental fee for the use of a parish, school or institution facility is charged, the amount should be reasonable and used in the maintenance of the facility. The fee should be clearly recorded in the applicable financial records.

## 806 Third Party Special Events Coverage

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Special Events Coverage is a mechanism, which allows the diocese to extend liability coverage to an individual or organization using parish facilities for a non-parish sponsored event. Some examples of these events would be wedding receptions, family reunions, graduation parties, and fundraisers.

### 806.1 IS THIS EVENT A SPECIAL EVENT OR A PARISH SPONSORED EVENT?

Special Events Coverage can be used when a parish or other church institution is allowing an individual or organization to use its facilities for a non-parish sponsored activity. When determining whether or not an activity is parish sponsored, the following questions are helpful.

1. Does the parish have full control or final decision making authority over the function?
2. Do any fees associated with the function flow through parish accounts?
3. If applicable, is the function open to all parish members?
4. Is the purpose of the function to facilitate learning, raise funds for the parish or to provide a social service on behalf of the parish?
5. Is the organizer or leader of the function a parish employee or volunteer?

Generally, if the answer to any of the above questions is “no”, the activity is not parish sponsored, meaning that the facility needs to provide insurance which includes adding the diocese and the parish as additional insureds.

### 806.2 NON-PARISH SPONSORED EVENTS REQUIRING SPECIAL EVENTS COVERAGE

One of the following two options must **ALWAYS** be followed:

1. The Facility Usage/Indemnity Agreement (*see pages 157 and 216*) can be completed by the organization/individual using parish facilities. This agreement requires \$1,000,000 in general liability coverage and a certificate must be provided that names both the parish/school and the diocese as an additional insured.

**OR**

2. Special Events coverage can be purchased which will cover the individual or organization holding the activity, the parish, and the diocese. The cost is **\$95 per event** and \$1,000,000 in general liability coverage is extended to the non-parish sponsored facility user (lessee).

Special Events Coverage is a mechanism, which allows the diocese to extend liability coverage to an individual or organization using parish facilities for a non-sponsored event. Some examples

of these events would be wedding receptions, family reunions, graduation parties, and fundraisers.

#### **Additional information**

- Host Liquor Liability is included, however, if alcohol is being sold or is included in the cost of a ticket, a supplemental application must be completed and there will be an additional charge. The supplemental application can be requested through Catholic Mutual Group ([memberservices@catholicmutual.org](mailto:memberservices@catholicmutual.org)).
- Any events involving bounce houses or an inflatable amusement devices will have a separate charge in addition to your standard event charge.
- An event is considered 72 hours or less. If an event exceeds 72 hours, another event must be purchased.
- Events in excess of 1,000 people in attendance.
- Events involving overnight stays have a flat charge of \$125.
- If Sexual Misconduct coverage is needed, a separate application can be requested from Catholic Mutual Group ([memberservices@catholicmutual.org](mailto:memberservices@catholicmutual.org)).

#### **Exclusions**

- Any type of carnival event
- Fireworks & firework displays
- Events involving BYOB (bring your own bottle)
- Events involving pools or lake activities
- Events involving recreational vehicles
- Non-religious musical performances/concerts (contact us for special exceptions)
- Events organized or operated by professional promoters/performers
- Organized sporting events, including tournaments & camps
- Events where a fee or admission is charged unless all proceeds go to charity
- Political rallies
- Amusement rides, including mechanically operated devices, trampolines & rebounding devices
- Claims related to an epidemic/pandemic

#### **806.3 SPECIAL EVENTS COST AND PROCEDURE**

To obtain Special Events coverage:

- The individual/organization (3<sup>rd</sup> party) should complete the application and submit to the parish/school along with the \$95 fee and \$125 for an overnight stay.
- The parish/school will need to submit the application to Catholic Mutual Group at least 15 days prior to the event at ([memberservices@catholicmutual.org](mailto:memberservices@catholicmutual.org)).
  - The parish/school is responsible for notifying Catholic Mutual Group of cancellations after the application was submitted and before the event was to take at ([memberservices@catholicmutual.org](mailto:memberservices@catholicmutual.org)).

- Catholic Mutual Group will invoice the diocese at the end of each insurance term (July 1<sup>st</sup> – Jun 30<sup>th</sup>) for the total fees of all applications submitted.
- The diocese will then invoice the parish/school for their amount due.

#### **806.4 FACILITY USAGE/INDEMNITY AGREEMENT EXPLANATION**

The Facility Usage/Indemnity Agreement (*see page 216*) must be used when non-parish sponsored or affiliated groups use parish facilities. The following groups are examples of non-parish sponsored or affiliated groups that should sign the Facility Usage/Indemnity Agreement:

1. Boy Scouts, Girl Scouts, Knights of Columbus, American Legion, Cursillo or other similar organizations that use parish facilities for meetings or fundraisers.
2. AAU sport teams or non-parish sponsored sport classes/clinics.
3. Parishioner and non-parishioner families that rent or use parish facilities for wedding receptions, family reunions, anniversary parties or other similar activities.
  - a. Please note that funeral luncheons are parish sponsored events.
4. Any other organization, municipality or county organization that uses parish facilities for a meeting or function that is non-parish sponsored.

The Facility Usage/Indemnity Agreement requires the facility user to provide the parish with a certificate of insurance documenting general liability coverage in the amount of \$1,000,000 per occurrence. This certificate of insurance must name your parish and the Diocese as an additional insured. It is not adequate to obtain a certificate of insurance which names the parish as a “certificate holder.”

This information should be kept on file with the parish/school.

### **807 Indoor and Outdoor Trampoline Policy**

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#### Policy

It is the policy of the Diocese of Des Moines not to allow trampolines or trampoline-like contraptions on Diocesan, parish, or school property. This policy also expressly forbids any adult, minor, employee, volunteer, or parent or guardian of any minor enrolled or involved in any Diocesan, parish, or school related ministry, field trip, or activity, from using trampolines or trampoline-like contraptions, including indoor trampoline facilities.

#### Procedure

This policy applies to all Diocesan, parish, or school related or sponsored events, including, but not limited to events involving a school, pre-school, or school-related program (e.g., after care), Parish-related activities such as Religious Education, Altar Server Ministry, or Youth and Young Adult Ministry, or any other program or activity associated or affiliated with a parish or ministry of the Diocese of Des Moines. This policy applies on school and church property and at any other location, business, or property that utilizes trampolines, trampoline-like contraptions, or that offers trampoline-like experiences, including indoor trampoline facilities.

This policy does not forbid the use of inflatable water slides, “bounce-houses,” or similar inflated contraptions, provided that appropriate safety steps are followed, the activity is properly supervised, and special event insurance coverage is obtained.

## **808 Vehicle and Driver Safety Policy**

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**PURPOSE:** The purpose of this policy is to ensure that all of the various entities that are part of the Diocese of Des Moines are following the same procedures regarding the use of vehicles on behalf of the Church. Our priority is to provide for the safety of the drivers and the passengers. It is recommended that the number of drivers be limited and that they be adequately screened. This policy applies to all employees and volunteers who are required or expected by their responsibilities to operate a vehicle.

All Church entities will implement the following policy regarding Drivers, the Use of Private Vehicles, Vehicle Maintenance, Vehicle Safety, Accident Reporting, Record Keeping, and the Use of 11-15 Passenger Vehicles

### Drivers

#### A. All Operators

1. Drivers must be 21 years of age or older.
2. A driver must have a valid, non-probationary driver’s license and no physical disability that would impair his/her ability to drive the vehicle safely.
3. Operators must possess a current valid driver’s license for the type of vehicle they will be operating.
4. No operator will be hired or be allowed to provide volunteer transportation on behalf of any Church entity who has had any of the following citations or convictions in the past three years:
  - i. Operating a vehicle during a period of license suspension, revocation or forfeiture
  - ii. Driving under the influence of alcohol or drugs
  - iii. Hit and run accident
  - iv. Failure to report an accident
  - v. Negligent homicide arising out of the use of a motor vehicle
  - vi. Using a motor vehicle for the commission of a felony
  - vii. Operating a motor vehicle without the owner’s authority
  - viii. Permitting an unlicensed person to drive
  - ix. Reckless driving
  - x. A combined total of three or more accidents and/or moving violations
5. It is the responsibility of the operator to ensure that passengers adhere to the current State of Iowa safety belt laws and regulations.
6. All operators are expected to take the online defensive driving course Be Smart-Drive Safe. Find it at <http://www.cmgconnect.org>.

#### B. Employee Operators

1. Vehicles owned by the diocese cannot be used for personal use without authorization.
2. A copy of the Motor Vehicle Record (MVR) from each state where he/she has ever had a valid driver's license is required and will be obtained in the background check process.

C. Volunteer Operators

1. Any volunteer who drives on a regular basis for Church business must complete the Volunteer Driver Application (see page 218) and the background check form. Please retain the Volunteer Driver Application in your office.
2. A copy of the Motor Vehicle Record (MVR) from each state where he/she has ever had a valid driver's license is required and will be obtained in the background check process.
3. Potential drivers should not be utilized if they answered "YES" to any of the questions asked on the Volunteer Driver Application.

Use of Private Vehicles

- A. All privately owned vehicles used on behalf of the Church must be insured. They must have a valid and current registration, license plates and proof of insurance card.
- B. The vehicle must be in safe operating condition.
- C. The private automobile insurance company of the owner of the vehicle will be the primary insurance carrier.
- D. The minimum liability limit for privately owned vehicles is: \$100,000/\$300,000.
- E. A Private Vehicle Use Application (see page 219) must be completed for each vehicle.

Organization Owned Vehicle Maintenance

- A. Each institution will implement a quarterly vehicle maintenance and inspection program in addition to the manufacturers' operation and maintenance recommendations for all vehicles that they own.
- B. All Church owned vehicles must be equipped with a road safety kit and inspected fire extinguisher
- C. Cell phones and other electronic devices are not permitted to be used while operating a motor vehicle on behalf of the Church.

Accident Reporting

If an accident occurs:

- Obtain medical assistance, if needed, at the scene as soon as possible.
- Contact local police, sheriff or highway patrol authorities as required.
- Exchange driver, vehicle and insurance information.
- Report the accident/moving violation to the insurance agent.
- Report the accident/moving violation to the Church/School.
- Complete the Vehicle Accident Report

Record Keeping

- A. Records pertaining to driver selection and training should be kept on file for a period of three years following termination of their driving privileges.
- B. Vehicle maintenance logs and vehicle inspections must be maintained for the duration of ownership of Church owned vehicles.
- C. All organization owned vehicles must carry, at all times, a current vehicle proof of insurance identification card.
- D. Retention of Forms:

Volunteer Driver Application, (see page 218) retain for a minimum of 3 years

Private Vehicle Use Application, (see page 219) retain for a minimum of 3 years

Vehicle Accident Report, (see page 220) retain for 7 years from date of accident

Use of 11-15 Passenger Vehicles The attached policy must be followed with respect to the use of vehicles that can transport 11-15 passengers.

*Approved by the Presbyteral Council on February 14, 2013*

*Approved by the Diocesan Finance Council on February 19, 2013*

*Approved and implemented by Bishop Richard Pates on March 28, 2013.*

#### **808.1 11 TO 15 PASSENGER VAN, BUS AND SHUTTLE USE POLICY**

##### CATHOLIC UMBRELLA POOL II:

Effective July 1, 2003, Catholic Umbrella Pool II adopted the following policies governing the use of 11 to 15 passenger vans (whether owned, leased, or borrowed).

1. The use of non-owned (borrowed) or short-term leased 11 to 15 passenger vans to transport children or adults is prohibited.  
  
11 to 15 passenger vans may be used for cargo hauling **only if** all but the two front seats are removed.
2. 11-15 passenger vans can be replaced with either a school bus or a Multifunction School Activity Bus (MFSAB). A MFSAB is a vehicle which complies with the Federal Motor Vehicle Safety Standards (FMVSS) applicable to school buses for crash survivability and mirrors.
3. If a MFSAB is used for the transportation of children, these vehicles must meet FMVSS 111; FMVSS 220; FMVSS 221; and FMVSS 222 (see below). If purchasing a MFSAB to transport children, it is important to confirm with the seller that the vehicle meets all four FMVSS. There are vehicles that visually appear to be conforming, but are not.
4. When acquiring a bus or shuttle to transport adults, the four FMVSS should also be followed. However, CUP II may approve adult transportation for a nonconforming bus or shuttle that



meets at least two of the FMVSS's in limited circumstances. Requests for exceptions are submitted to Catholic Mutual.

5. Although MFSAB's are preferred, mini-vans may continue to be used to transport children or adults. A mini-van is defined as a passenger vehicle designed to transport no more than 8 total occupants.

Below are the four FMVSS referred to in the above policy. Additional information on how to determine if a bus or shuttle meets FMVSS standards can be obtained from Catholic Mutual's Risk Management Department at (800) 228-6108.

FMVSS 111 – Fulfills the safety requirement for the rear-view and cross-view visibility.

FMVSS 220 – Establishes requirements for the school bus body structure in rollover accidents.

FMVSS 221 – Regulates the strength of body panel joints in school buses.

FMVSS 222 – Establishes occupant protection requirements for school bus passenger seating and barriers.

***Important Note: Vans, Buses and Shuttle Buses capable of transporting 16 plus passengers must also comply with the above FMVSS. As outlined in number six of the above policy, exceptions can be made if the vehicle is used solely for the transport of adults.***

## **809 Policy on Consultation with Attorneys**

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### Purpose:

Provide guidance as to legal consultation for Diocesan issues.

### Policy:

The Diocese of Des Moines does not have any attorneys on retainer. They do routinely use the Nyemaster Goode Law Firm as issues come up requiring legal advice. These attorneys are also used by parishes and schools within the diocese and by Catholic Charities.

### PROCEDURES for Requests by Diocesan staff:

1. Staff person who has a situation that may require legal advice will complete the Legal Consultation Form (see page 221) and send it to the Director of Finance.
2. Requests will be logged in Finance and presented to Bishop for approval. If the occasion arises for quick legal advice by a diocesan director, they can call Nyemaster and inform Accounting and Bishop afterwards. (e.g. Personnel matters under Human Resources)
3. Upon approval by Bishop an email will be sent to Nyemaster and copied to requester, advising them that they will be contacted on this issue and that the cost should be added to the diocesan account.

4. On a monthly basis Nyemaster will send a detailed invoice for the work that they performed on behalf of the diocese. This will be verified against the approved log and sent to Bishop for approval to pay.

#### PROCEDURES for Requests outside of Diocesan Staff:

1. Parishes that seek legal consultation are advised to contact Nyemaster because they understand the legal structure of the church and have knowledge of Canon Law.
2. Parishes should contact the Director of Finance at the diocese and complete the Legal Consultation Form (see page 222). If appropriate, the diocese will forward the issue to Frank Harty at Nyemaster for an initial review at diocesan expense. If the occasion arises for quick legal advice a call can be made to Nyemaster with the diocese informed later if necessary.
3. Schools are to continue to contact the Diocesan Superintendent of Schools prior to contacting the Nyemaster Law firm. If the superintendent is unable to assist the school, the superintendent will either contact Nyemaster or advise the school to contact Nyemaster directly.
4. Results of the review will be shared with the Bishop and the parish or school that made the request. Further legal work on this issue will be billed by Nyemaster to the parish or school without specific permission from the Bishop.
5. Any work performed by Nyemaster without diocesan approval will be billed to the appropriate parish or school.
6. Legal work performed on behalf of Catholic Charities should be requested and approved by its Executive Director. This work should be recorded on an invoice addressed and mailed to Catholic Charities.

## **810 Diocesan Building Commission**

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The current Diocesan Building Commission guidelines can be found on the Diocesan website at the below link.

<https://www.dmdiocese.org/resources/administration/building-services>

## **811 Priest Housing Policy**

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The Second Vatican Council's teaching on the church as the People of God has led to the graced participation of many of the laity in a wide variety of ministries and pastoral activities throughout the Church. What was once virtually the exclusive domain of the priest, ecclesial ministry within the parish, has properly been undertaken by all the baptized.

However, what was likewise principally the living quarters of the priest, the rectory, has also so often become the gathering and work space for lay ministers. "At one time rectories housed only priests and

a housekeeper, but with an increase in lay involvement and with fewer priests, rectories are being used simultaneously as church offices and priests' homes, a combination for which most rectories were not designed." (From *Evolving visions of the Priesthood: Changes from Vatican II to the Turn of the New Century*, by the National federation of Priests' Councils [NFPC]).

Recent studies and surveys on the morale and wellbeing of priests have found this situation of "living above the store" to be challenging. Because of the lack of privacy it is regarded as even unhealthy for many priests. This topic of priests' living arrangements has been taken up by dioceses and priests' councils throughout the United States. What follows are the reflections and recommendations of the Presbyteral Council of the Diocese of Des Moines in this matter.

- The pastoral care for a parish or other institution requires adequate and appropriate space.
  - This adequate and appropriate space for pastoral care includes space for offices, records, pastoral counseling and other appointments, faith formation, parish meetings.
  - This space for pastoral care is distinct from the worship space and social space.
  - This space for pastoral care is to be distinct from and separated from the living space for a priest or a pastoral administrator serving the parish or other institution.
  - It is recommended that the living space be off site or, at least, in a separate building, or designed in such a manner that privacy is insured.
  - With existing parish facilities, the finance and pastoral councils are to provide, within three years, for this separation of the living space from the space for pastoral care.
  - In the new construction or renovation of facilities, it is recommended that this living space be separate and where feasible off site from the worship space and the space for the pastoral care of the parish or institution.
  - With parish clusters, it is encouraged to consider having the living space at one parish site and the space of pastoral care at another.
- Adequate and appropriate living space for priests and pastoral administrators is important.
  - Living space which is distinct from and separated from the space for pastoral care is an issue of good health, appropriate boundaries and wellbeing.
  - Because of this, a growing number of priests choose to live elsewhere than in available on-site living space. This option, which is marked change from past patterns, is to be respected.
  - Adequate and appropriate living space, or reimbursement for such, is rightfully a part of the compensation for priests and pastoral administrators.
  - In some cases, the priest will live in his own home or in housing other than on-site living space. When this is the case, he and the parish finance council arrange for rent or financial reimbursement. (The normal expenses and reimbursements called for by diocesan salary

guidelines – including utilities, telephone, household expenses, standard food allowance, etc.—remain the responsibility of the parish.)

- The primary recommendation is that living space be offsite separated from the worship space and the space for pastoral care.
  - The next alternative is that living space which is on site be in a separate building.
  - The final alternative is that, if living space is in the same building with the space for pastoral care, a clear boundary and distinction between the two spaces be established and respected.

Approved March 1, 2009

## **812 Records Retention Policy**

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Source: Diocesan Financial Issues, November, 2002, United States Conference of Catholic Bishops. Reprinted with permission.

The Records Retention Schedule represents the periods of time that records must be kept according to legal and/or organizational requirements.

Records older than the retention period should be destroyed. Those of permanent value should be stored appropriately.

### **Records Type**

### **Retention Period**

#### **Financial**

##### *Banking*

Bank deposits	7 years
Bank statements	7 years
Cancelled checks	7 years
Check registers/stubs	7 years

##### *General*

Audit reports	Permanent
Statements of Financial Position, Statements of Activities, annual	Permanent
Statements of Financial Position, Statements of Activities, monthly	Destroy after 1 year
Budgets, approved, revised	7 years
Financial reports, annual	Permanent
Financial reports, monthly	Destroy after 1 year
Financial statements	Permanent

##### *Investment/Insurance*

Bonds, cancelled	7 years from date of cancellation
Certificates of deposit, cancelled	3 years after redemption

Insurance policies/active	Permanent
Insurance policies/cancelled	Permanent
Letters of credit	7 years
Mortgage records	Permanent
Securities sales	7 years
Stock investment	7 years after sale

### **Accounting**

Accounts payable invoices	7 years
Accounts payable ledgers	7 years
Accounts receivable ledgers	7 years
Credit card statements/charge slips	7 years
Invoices and paid bills, major building construction	Permanent
Invoices and paid bills, general accts	7 years
Cash books	7 years
Cash journals	7 years
Cash journal, receipts on offerings and pledges	7 years
Receipts	7 years
Mortgage payments	7 years
Chart of Accounts	Permanent

### **Other Records**

General ledger/annual	Permanent
Journals, general and specific funds	Permanent
Journal entry sheets	7 years
Ledgers, subsidiary	7 years
Payroll journals 7 years	
Payroll registers, summary of earnings, deductions and accrued leave	7 years
Pension records	Permanent
Pledge registers/ledgers	7 years
Permanently restricted gift documents	Permanent
Temporarily restricted gift documents	7 years after meeting
restrictions	
Tithing Envelopes	1 year

### **Tax Records**

Employment taxes, contributions, and payments, including taxes withheld, FICA	7 years from date of filing
W-2 forms	7 years from date of filing
W-4 forms	7 years from date of filing
IRS exemption determination letters, for organizations other	

than those listed in The Official Catholic Directory	Permanent
Form 990	Permanent
State tax exemption certificates (income, excise, property, sales/use, etc.)	Permanent

# Appendix

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## Suggested Activity Checklist

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### Weekly Tasks:

- Enter Deposits.
- Enter tithing records into ParishSOFT Family Suites.
- Enter deposits into ParishSOFT Accounting
- Reconcile ParishSOFT Family Suites to deposit slips and ParishSOFT Accounting.
- Pay Outstanding Invoices – it is recommended this is done on the same day every week

### Monthly Tasks

- Pay Monthly Utility Bills.
- Pay School Assessment(s) – if applicable.
- Pay Federal Taxes (Paid either monthly or biweekly depending on Parish/School).
- Pay State Taxes (Paid either monthly or quarterly).
- Pay LaMair-Mullock-Condon (Employer Administrative Services) for Employee Insurance – this is paid electronically by LMC – payment needs to be entered into ParishSOFT Accounting.
- Pay Payroll if applicable – (One or possibly more payrolls during month).
- Pay Christian Brothers for 403b withholding/matching –if applicable – pay at the same time payroll is paid which may be more frequently than monthly. **Retirement funds must be remitted within 14 days of paycheck date.**
- Reconcile Bank and make necessary entries. Have pastor or his designee review.
- Remit any Second Collection that has taken place during the month to the Diocese with matching transmittal form. See <https://www.dmdiocese.org/resources/finance/special-collections-for-transmittal-forms>.
- Reconcile Investment Statements and make necessary entries if applicable.
- Reconcile ParishSOFT Family Suites to Tithing income entered into ParishSOFT Accounting.

### Quarterly:

- Reconcile Investment Statements and make necessary entries if applicable.
- Pay State Income Taxes (Paid either monthly or quarterly).
- Pay State Sales/Use Tax.
- File Federal Tax Form 941.

### Annually:

- Prepare and file IRS Tax Form W-3 with a W-2 for each Employee.
- Prepare and file IRS Tax Form 1099 for all required vendor.

- Prepare and file IRS Tax Forms 1094 and 1095 for Health Insurance.

## Cash Count Sheet

<b>WEEKLY COLLECTION WORKSHEET</b>	DATE: _____
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<b>Mass Time&gt;&gt;&gt;</b>					<b>Total</b>
<b>Mass Date&gt;&gt;&gt;</b>					

**LOOSE:**

Cash					
Checks					
Coins					
<b>Sub-total</b>					

**ENVELOPES:**

Cash					
Checks					
Coins					
<b>Sub-total</b>					

<b>Total Collection</b>					
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**OTHER:**

Undesig. Donations					
Religious Ed Tuition					
Memorials					
Offerings					
Desig. Donations					
<b>Total Other:</b>					

<b>Total Deposit:</b>					
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Notes:
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Counters:



# Bag Tracking Form

Bag Tracking Form							
Bag # Given	Received by	Mass Date	Mass Time	Bag # Used	Counted by		Bag Condition
		/ /	: am/pm				
		/ /	: am/pm				
		/ /	: am/pm				
		/ /	: am/pm				
		/ /	: am/pm				
		/ /	: am/pm				
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## Statement of Financial Position Chart of Accounts with Descriptions

Shortcut No.	Account Name	Description
<b>ASSET ACCOUNTS</b>		
<b><i>Cash and Investment – Unrestricted (1000)</i></b>		<b><i>Monies that may be used for any operational purpose.</i></b>
1000	Checking – General	Monies that are on deposit in a financial institution handling the checking account.
1005-1049	Checking – Other	If additional checking accounts are maintained, they would be recorded here. Additional checking accounts are discouraged
1050	Savings – Operations	Monies in a savings account used for excess operational funds.
1055	Savings – Other	Monies in a savings account used for special purpose funds.
1060-1070	Money Market Account	Monies in a Money Market type account
1090	Petty Cash	A minimal amount of currency and coin set aside to pay small bills which are not convenient to pay by check. Balance is operated on an imprest basis which means that the amount recorded in the account will not change. Monthly entries will be to various expense accounts and operational cash which will replenish the funds given out of petty cash.
1100-1125	Certificate of Deposit	Monies invested in Certificates of Deposit (CD).
1150-1160	Investment Account	Monies held with an investment broker/company for a wider array of investment opportunities.
<b><i>Parish Council – Restricted Cash 1200-1280</i></b>		<b><i>Monies the Finance Council has designated for a specific purpose. Funds may be spent for only that purpose, unless subsequently changed by a vote of the Finance Council.</i></b>
<b><i>Donor Restricted Cash 1300-1386</i></b>		<b><i>Monies donors have restricted for a specific purpose. Funds may only be spent for that purpose. Only the donors may change the restriction</i></b>
1300	Building Fund	Monies specifically restricted by donors for a specific building purpose of substantial value. Usually requires Finance Council and Diocesan approval.
1305	Capital Campaign Fund	Monies for major acquisition/construction of assets or multiple assets. Requires Finance Council and Diocesan approval.
1310-1370	Checking – Donor Restricted	
1375, 1380, 1385	Investment Account	

Shortcut No.	Account Name	Description
1376, 1381, 1386	Investment Market Adjustment	For investments owned at report date requiring an adjustment to market value. Record the effect of an unrealized gain or loss (debit or credit) in this account (An unrealized gain or loss is the difference between cost and market value.). Offsetting entry would be to 410003, Auxiliary Capital Gain/Loss, or to 420013, Exempt Capital Gain/Loss.
<b>Other Current Assets (1400)</b>		<b>Assets which are capable of being converted into cash usually within a period of one year.</b>
1400	Prepaid Expenses	Payments in advance for expenses where a portion remains unused on the recording date. These amounts are reversed as the unused portions are diminished.
1405	Accts Receivable-Employee	Amounts due from employees for advance received on wages.
1410	Accounts Receivable-Trade	Amounts due from outside third parties for credit extended on the sale of goods.
1415	Accounts Receivable-Tuition	Amounts owed by parents/guardians on student tuition.
1420-1425	Accounts Receivable-	
1430	Inventory	Goods owned and held for sale. Record Scrip inventory here or in an "Other" account if "Inventory" is not available.
1435-1490	Other	
<b>Fixed Assets (1500)</b>		<b>All types of property, buildings, equipment, and furniture above a certain dollar amount set in the Finance Council's capitalization policy</b>
1500	Land	The only fixed asset not subject to depreciation. Land improvements, such as a parking lot, are subject to depreciation. Record such land improvements in an unused building account and label appropriately. Landscaping is considered permanent and should be capitalized with the land.
1505-1520	Buildings –	
1530-1545	Buildings -	When constructing a building, use as a Building-in-Process account and record all costs that will be capitalized: materials and labor, architect fees, permits, special insurance, etc. Landscaping typically should be capitalized with the land.
1550	Buses	
1555	Equipment	
1560	Furniture and Fixtures	Fixtures include items attached to a building.
1565	Vehicles	
<b>Accumulated Depreciation 1600-1660</b>		<b>Records the total amount of depreciation expense recorded. This account is credited when depreciation is debited. The accumulated depreciation balance is shown as an offset to the related fixed asset balance.</b>
<b>Non-Current Assets (1700)</b>		<b>Assets which are not easily converted into cash and are long-term in nature.</b>

Shortcut No.	Account Name	Description
1700-1705	Notes Receivable	Receivables that are considered longer term and usually have a written agreement with a stated interest rate, due date, and repayment schedule.
1710-1725	Other	
<b>LIABILITY ACCOUNTS</b>		
<b>Payroll Liabilities (2000)</b>		<b><i>Debts owed related to amounts withheld from employees' wages and for amounts owed by the parish/school for the employer portion of payroll taxes and other employee benefits. Credit the accounts when amounts are withheld or accrued and debit when the withholdings are paid.</i></b>
2000	FICA W/H Payable	Amounts withheld (employees' portion) or expensed (account 510045, employer portion) for FICA (Social Security and Medicare) that are due to the federal government. If desired, an "Other Payroll W/H Payable" account may be used to record Social Security and Medicare in separate accounts.
2005	Federal W/H Payable	Amounts withheld from employees' wages for their federal income taxes.
2010	State W/H Payable	Amounts withheld from employees' wages for their Iowa income taxes.
2015	Health Insurance W/H Payable	Amounts withheld from employees' wages (employees' portion) or expensed (account 510010, employee benefit portion to be paid by employer) for health or vision insurance premiums.
2020	Dental Insurance W/H Payable	Amounts withheld from employees' wages (employees' portion) or expensed (account 510015, employee benefit portion to be paid by employer) for dental insurance premiums.
2025	Cafeteria W/H Payable	Amounts withheld from employees' wages according to their individual Cafeteria Flex Plan written authorizations.
2030	Retirement W/H Payable	Amounts withheld from employees' wages as contributions to their retirement savings plan and any employer contributions (debit account 510030 for non-priests or 510090 for priests).
2035	Unemployment Tax Liability Payable	Amounts owed for unemployment taxes.
2040-2050	Other Payroll W/H Payable	
<b>Other Current Liabilities (2100)</b>		<b><i>Obligations that should be paid within a year.</i></b>

<b>Shortcut No.</b>	<b>Account Name</b>	<b>Description</b>
2100	Accounts Payable – Trade	Liability arising from the purchase of goods or services on credit in the ordinary course of business with regular vendors.
2105	Accounts Payable – Other	
2110	Pre-Paid Tuition	Tuition paid in advance which becomes revenue as service is rendered.
2115	Pre-Paid Registration Fees	Registration fees paid in advance which becomes revenue once a class has started.
2120	Short-Term Debt	Monies owed which are to be repaid within a year.
2125	Use Tax Payable	Use taxes that are owed.
<b>Funds Held For Others 2400-2450</b>		<b><i>Liabilities related to monies being held temporarily for organizations/groups associated with a parish/school.</i></b>
<b>Long-Term Debt 2600-2620</b>		<b><i>Debt which is structured to be paid over a period of time greater than one year. Usually has a written agreement as to a repayment schedule, stated interest rate, and a due date.</i></b>
<b>NET ASSET ACCOUNTS</b>		
3000	Unrestricted Fund Balance	Fund balance not restricted by donors or law.
3005	Donor Restricted Fund Balance	
3010	Parish Council Restricted Fund Balance	
3015	Current Year Fund Balance Increase	
3020	School Fund Balance	Parishes with schools or schools that record in Fund 2 will utilize this account. Since school expenses are typically greater than revenues, this balance will usually be negative.
3025	Catechesis Fund Balance	All revenues and expenses for Catechesis programs will close to this account. Balance will typically be negative.
3030	Parish Foundation Fund Balance	
3035	School Foundation Fund Balance	
3040	Cemetery Fund Balance	

## Dedicated Chart of Accounts

Shortcut No.	Account Name	Description
<b>Diocesan Collections (2200-2280)</b>		<b>Special collections taken for international, national, or local needs. Monies collected by the parishes through a "Second Collection" are remitted to the Diocese monthly. The Diocese in turn remits the money to the appropriate organization.</b>
2200	Annual Diocesan Appeal	Monies collected for the Annual Diocesan Appeal which are forwarded to the Diocese. Monies are used to supplement the Diocesan operating budget in providing ministries for the people of the Diocese.
2205	Catholic Relief Services	Monies collected provide funding for Catholic Relief Services. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese by the end of the month, along with a transmittal form.
2210	Catholic Charities	Monies collected for Catholic Charities to help fund local community needs. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese by the end of the month, along with a transmittal form.
2215	Communications Campaign	Monies collected for the Catholic Communication Campaign (CCC) for the process of evangelization by fostering activities through various media forms. 50% of the funds collected go to the United States Conference of Catholic Bishops while the balance of the funds is retained by the Diocese for use in local communication projects. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese of all funds collected, by the end of the month, along with a transmittal form.
2220	Disaster Relief	Monies collected for specific disasters on local, national, and international levels. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese by the end of the month, along with a transmittal form.
2225	Eastern Europe Collections	Monies collected provide funding to meet the needs of rebuilding the Church in Central and Eastern Europe. Currently, this is not a required collection.
2230	Holy Land Collection	This is a pontifical collection. Monies support the Holy Places and the pastoral, charitable, educational, and social works in the Holy Land. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese by the end of the month, along with a transmittal form.
2235	Catholic Home Missions	Monies collected provide financial support to missionary activities that strengthen the Catholic Church in the United States. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese by the end of the month, along with a transmittal form.

Shortcut No.	Account Name	Description
2235	Catholic Home Missions	Monies collected provide financial support to missionary activities that strengthen the Catholic Church in the United States. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese by the end of the month, along with a transmittal form.
2240	Human Development	Catholic Campaign for Human Development addresses the root causes of poverty in America through promotion and support of community-controlled, self-help organizations and transformative education.
2245	World Mission Sunday (also known as World Mission)	Celebrated in all the local Churches as the feast of catholicity and universal solidarity so Christians the world over will recognize their common responsibility with regard to the evangelization of the world.
2250	Overseas Relief	This collection is now known as Catholic Relief Services. See account 2205.
2255	Peter's Pence	Monies collected enable the Holy Father to respond with emergency financial assistance to requests to aid the neediest throughout the world—those who suffer as a result of war, oppression, and natural disasters. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese by the end of the month, along with a transmittal form.
2260	Project Hope	Monies collected provide Catholic school tuition assistance for families in our Diocese. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese by the end of the month, along with a transmittal form.
2265	Rice Bowl	Monies collected provide funding for Catholic Relief Services' (CRS) food security projects which support agriculture, nutrition, education, and self-sufficiency in communities around the world. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese by the end of the month, along with a transmittal form. The Diocese then remits 75% to CRS for overseas projects and 25% is retained in the Diocese for local anti-poverty programs.
2270	Religious Retirement	Monies collected provide basic, supplemental, and special assistance retirement grants to religious institutes. When there are Second Collection funds to be remitted, a parish check should be sent to the Diocese by the end of the month, along with a transmittal form.
2275	Other Diocesan Collection	Monies collected for other Diocesan collections not covered by other accounts. A parish check should be sent to the Diocese for the total amount of funds collected.

Shortcut No.	Account Name	Description
2280	Seminarian Collection	Monies collected for the needs of seminarians in our Diocese. A parish check should be sent to the Diocese for the total amount of funds collected.
2300-2315	Parish Collections	Special collections to support a specific need determined by the parish. The parish handles the distribution of the funds.



## Statement of Activities Chart of Accounts with Descriptions

Program No.	PROGRAM NAMES	Description
101	Parish Administration	Include those activities associated with the general operations of a parish.
102	Liturgy	Liturgy is the official public worship of the Church. Include expenses such as missalettes, candles, wine, and hosts.
103	Sacramental Programs	There are seven sacraments: Baptism, Eucharist, Reconciliation, Confirmation, Marriage, Holy Orders, and Anointing of the Sick. Include any revenues and expenses associated with sacramental programs [See program 306 for Confirmations].
104	Music	Include musical activities, both instrumental and choral, that are not related to funds 2 or 3.
105	Rectory	The Rectory is the pastor's housing. Include expenses for providing maintenance and repair, utilities, telephone, materials and supplies used in the operation of the residence.
106	Adult Faith Formation	Include all programs which support growth in faith for adults.
107	RCIA	RCIA (Rite of Christian Initiation of Adults) is the process adults go through to become Roman Catholic.
108	Pastoral Council	Pastoral Council advises the pastor in spiritual matters of the parish.
109	Finance Council	The Finance Council advises the parish/school in financial matters. There should be two Finance Councils when a parish also has a school.
110	Family Life	Include programs which support and strengthen the family.
111	Social Concerns	Include programs related to the Catholic Church's respect life stance as well as the poor and disadvantaged.
112	Art and Environment	Programs related to art and the protection of the environment.
113	Parish Hall	Include all revenues and expenses for the Parish Hall, e.g., electricity, maintenance, etc.
114	Building and Grounds	Include all income and expenses related to buildings not included in other programs [Schools use program 212. See Building Expense accounts (7300)].
115	Volunteer program	Include all revenues and expenses related to seeking, training, and coordinating volunteers not included in other programs.
116	Human Resources	Activities related to the recruitment and selection of parish employees, their training and development, and the evaluation of their performance. Also includes costs associated with researching and maintaining personnel files.
117	Fundraising- Bazaar/Picnic	Revenues and expenses related to bazaars/picnics.

Program No.	PROGRAM NAMES	Description
118	Fundraising-Auction	Revenues and expenses related to auctions.
119	Fundraising-Raffle	Revenues and expenses related to raffles.
120	Scrip Program – Parish	Scrip represents gift cards that the parish purchases at a discount, usually 3-5%, and sells at the regular retail price. A parish uses a scrip program to raise funds (Schools: Use program 214). Scrip programs may be national, local, or a combination of both.
121	Capital Campaign	A formal solicitation of the parishioners for a special designated purpose such as a new building, retirement of debt, or major renovation. Amounts being solicited are significant and require the Diocese’s approval.
122	Bulletin	Include revenues, such as sold advertising (account 410002), and expenses, such as printing, here.
123	Votive Stands	Revenues and expenses associated with votive stands, including costs of candles and supplies.
124	Parish Social Functions	Any parish social function to which parish members are invited ( <i>not</i> private functions to which some parish members may be invited).
125	Farming Operation	For those parishes with farms, includes all aspects of the farming operation.
126	Rental Property	Revenues and expenses related to the rental of Parish property.
127	Parish Nurse	All revenues and expenses for those parishes that employ a nurse.
128	Stewardship	Expenses associated with the way time, talents, material possessions, or wealth are used or given for the service of God.
129	Hispanic Ministry	Activities to spread or express the faith to the Hispanic population.
130	Communications	Expenses for spreading the Gospel, marketing the parish’s ministries, and media relations.
131	Parish Welcome	Includes expenses for new parishioner activities.
132	Parish Retreats	Times set aside for spiritual renewal. Include fees charged and planning, educational, and religious retreat expenses.
133	Christ Renews His Parish	Special program with this name.
134	Auxiliary Organizations	Parish organizations, e.g., Altar and Rosary that support the Church through separate fundraising activities.
201	School Administration	Include activities associated with the general operations of a school which direct, control, or otherwise regulate activities not listed elsewhere, e.g., principal’s salary, legal services, expenses not associated with funds 1, 3-6.

<b>Program No.</b>	<b>PROGRAM NAMES</b>	<b>Description</b>
202	Library/Media Center	Expenses for library books, equipment and other materials related to the maintenance of the library and the media center.
203	Lunch Room	Include fees charged for the school lunch program and government subsidies as well as expenses associated with the lunch program.
204	Counseling	Revenues and expenses associated with the guidance counseling function, including tests, evaluation forms, materials and supplies.
205	Transportation	Revenues and expenses related to bus transportation.
206	Athletics	Revenues and expenses related to the operation of various athletic programs, e.g., fees, dues, equipment, etc.
207	Technology	Revenues and expenses associated with technology, e.g., computers, audio visual, etc.
208	Before/After School Care	Revenues and expenses associated with Before/After School Care.
209	Preschool	Revenues and expenses associated with a preschool program.
210	Board of Education	Expenses related to the Board of Education.
211	School Committees	Revenues and expenses related to school committees [See program 219 for Auxiliary Organizations].
212	Building and Grounds	All income and expenses related to buildings that are not included in other programs [Parishes use program 114. See Building Expenses accounts (7300)].
213	Human Resources	Activities related to the recruitment and selection of school employees, their training and development, and the evaluation of their performance. Also includes costs associated with researching and maintaining personnel files.
214	Scrip Program – School	Scrip represents gift cards that the school purchases at a discount, usually 3-5%, and sells at the regular retail price. A school uses a scrip program to raise funds (Parishes: Use program 120). Scrip programs may be national, local, or a combination of both.
215	Capital Campaign	A formal solicitation of the parishioners, parents, and patrons for a special designated purpose such as a new building, retirement of debt, or major renovation. Amounts being solicited are significant and require the Diocese’s approval.
216	Band	Revenues and expenses related to the band program.
217	School Retreats	Include any fees charged, and planning, educational, and religious retreat expenses.
218	Bingo	Include revenues and expenses related to bingo.
219	Auxiliary Organizations	Those school organizations, e.g., Home and School, which support the school through separate fundraising activities.

Program No.	PROGRAM NAMES	Description
301	Faith Formation	Catechetical services for the faith formation needs of children, youth, and adults in parishes.
302	Good Shepherd Program	Revenues and expenses for the Good Shepherd Program.
303	Youth Ministry	Revenues and expenses associated with catechetical services to youth.
304	Vacation Bible School	Revenues and expenses associated with Vacation Bible School, a summer program.
305	Youth Ministry Retreats	Include any fees charged, and planning, educational, and religious retreat expenses for youth retreats.
306	Confirmation/First Communion Preparation	Revenues and expenses associated with Confirmations, including First Communion preparation.
401	Foundation for Parish	Revenues and expenses associated with a parish's foundation.
501	Foundation for School	Revenues and expenses associated with a school's foundation.
502	Foundation for Dowling Students	Revenues and expenses associated with Dowling's foundation.
601	Building and Grounds	All income and expenses related to cemetery.

Account No	Account Name	Description
<b>INCOME ACCOUNTS</b>		
<b>Primary Income – Collections (4000)</b>		<b>Collection totals in accounts 400001 – 400006 should equal the amounts posted to ParishSOFT Family Suites.</b>
400001	Collection – Sunday Envelope	Cash receipts from tithe envelope collections; includes loose checks from parishioners.
400002	Collection – Christmas	All cash receipts from Christmas collections-envelopes, loose checks, currency, and coin.
400003	Collection – Easter	All cash receipts from Easter collections-envelopes, loose checks, currency, and coin.
400004	Collection – Holy Days	All cash receipts from a Holy Day collection-envelopes, loose checks, currency, and coin.
400005	Collection – Plate	Cash receipts from Sunday collections in the form of currency and coin which will not be posted to individual records.
400006	Collection – Children's	Cash receipts from Sunday collections in special children's envelopes.

<b>Account No</b>	<b>Account Name</b>	<b>Description</b>
400007	Collection – Second	Cash receipts from collections to fund special parish needs such as a January heating bill. These receipts may be in envelopes designating the appeal or from collection efforts specified for special parish needs.
400008	Diocesan Appeal Refund	The refund from the Diocese as a result of the parish exceeding its Annual Diocesan Appeal (ADA) goal.
<b>Auxiliary Income (4100)</b>		<b>Income apart from collections that is not considered “exempt”</b>
410004	Interest Income	Cash received representing interest/investment income received on unrestricted funds.
410005	Offerings	Offerings made for funerals, weddings, baptisms, etc. not disbursed to the celebrant, organist, etc., and not restricted as to use (also called Stole fees).
410006	Parish Social Functions	Parish events in which a fee or donations are accepted to cover the cost of the event. Use program 124 for revenues and expenses.
410007	Rental Income	Cash received from operation of parish-owned property. (Hall rental, farm rental, bus rental, etc.)
410008	Undesignated Donations	Special one-time gifts from a living donor apart from the tithing program that are not restricted or are designated for an operational expense.
410009	Votive Stand	Cash received for votive stand offerings. Use program 123 for revenues and expenses (710040).
410010	Miscellaneous Income	To be used only if no other revenue account fits the situation. This account should be used <b>sparingly</b> .
410011	Literature Sales	Cash received from literature sales.
410012	Fees – Nursery	Cash received for services rendered in the nursery.
410013	Capital Gain/Loss	Realized gains/losses on sale of <i>unrestricted</i> assets/investments. Also the unrealized gains/losses on the change in market value on <i>unrestricted</i> investments.
<b>ADA Exempt Income (4200)</b>		<b>Exempt income is not included in calculations for the Annual Diocesan Appeal (ADA).</b>
420001	Auxiliary Organizations	Cash received from, or received on behalf of, an auxiliary organization such as Altar and Rosary, Knights of Columbus, or Holy Name Society.
420002	Bequests/Memorials	Cash receipts from estates or legacies or as memorials. [Use 420007 for bequests specified to be used for foundational purposes].
420003	Building Fund Income	Cash receipts from collections solely to fund capital projects (building, remodeling, and extraordinary repairs) of the parish. All building fund income must be coded to restricted cash or investment accounts on the Balance Sheet, and the Diocesan Building Commission Guidelines must be followed ( <i>See page 162 for Diocesan Building Commission Guidelines</i> )

<b>Account No</b>	<b>Account Name</b>	<b>Description</b>
420004	Capital Campaign Income	Cash received on pledged amounts resulting from special designated purpose Capital Campaign, such as a Debt Reduction Drive.
420005	Cemetery Income	Donations for the cemetery.
420006	Designated Donations	Cash received as a donation {from a living donor} which is restricted to a non-operational expenditure. The designated purpose must be disclosed in the description of the transaction. [Use 410008 for donations designated for operational purposes].
420007	Foundation Income	Cash receipts, bequests, and legacies specified for use in establishing, or adding to, a foundation which will endow certain functions and operations of the Parish (Scholarships, tuition grants, etc.). The parish must abide by the Diocesan "Guidelines for Endowment Funds", which call for a corporate resolution and a separate investment account.
420008	Inter-Parish Ministry Income	Income received by a parish from another parish. Also, parishes may be grouped as a team to reimburse one parish for team expenses, e.g., one parish pays the priest's salary and the other parishes reimburse for their share.
420009	Mass Stipends	Donations made for Masses to be said in the future. The priest has a choice of accepting these donations or accepting a monthly allowance from the parish. The actual amount of Mass Stipends or the allowance would be paid through payroll and are subject to taxes. [Record the Mass Stipends paid to the priest in 501001].
420010	Property Value Appreciation	Adjustment of property values. Do <b>not</b> use to adjust fixed assets based on yearly insurance value increases.
420011	Sale of Property	Amounts received from sale of property other than sale of securities and other financial instruments.
420012	Investment Income	Interest or dividend income received from investments of restricted assets.
420013	Capital Gain/Loss	Realized gains/losses on sale of <i>restricted</i> assets/investments. Also the unrealized gains/losses on the change in market value on <i>restricted</i> investments.
420014	Extraordinary Income or Rebate	Unusual and non-recurring income.
<b>Education Income (4300)</b>		<b>Monies received related to school or religious education programs.</b>
430001	Tuition – Regular	Monies received for school tuition or religious education programs. If a parish school, monies received for tuition for students belonging to the parish.
430002	Tuition – Outside Parish	Monies/assessments received for school tuition or religious education programs for students belonging to other parishes.
430003	Tuition – Non Catholics	Tuition for non-Catholic students.

<b>Account No</b>	<b>Account Name</b>	<b>Description</b>
430004	Fees – Athletic	Student participation in the school’s athletic programs.
430005	Fees – Band	Student participation in the school’s band program.
430006	Fees – Book	Students’ use of textbooks.
430007	Fees – Bus	Students’ use of bus transportation to and from school.
430008	Fees – Cafeteria	Students’ payments for lunch costs.
430009	Fees – Child Care	Cash received for the child care function of the school/parish.
430010	Fees – Foreign Language	Students’ payments for a foreign language class.
430011	Fees – Kindergarten	Kindergarten tuition.
430012	Fees – Other	Cash received for other student costs that are not recorded in other accounts.
430013	Fees – Preschool	Preschool tuition or attendance at preschool functions.
430014	Fees – RCIA	Rite of Christian Initiation of Adults: process an adult man or woman goes through to become Roman Catholic. Cash received for RCIA classes.
430015	Fees – Registration	School or religious education student registration.
430016	Fees – Student Activity	Cash received for students’ involvement in school activities.
430017	Fees – Youth Ministry	Cash received from income-producing activities of youth ministry.
430018	Subsidy – Government Bus	Government subsidy for bus costs.
430019	Subsidy – Government Cafeteria	Government subsidy for the school food program.
430020	Subsidy – Other	Cash received from outside sources to subsidize the general operation of the school or the participation in school programs.
430021	Subsidy – Textbooks	Subsidy for the cost of textbooks.
430022	Sale of Supplies	Cash received from the sale of school supplies.
430023	Vending	Vending machine sales.
430024	Foundations/Grants	Foundation, grant, or other philanthropic organization monies received to fund some aspect of the school program.
430025	Tuition Assistance	Monies received for tuition purposes such as a special collection or scholarship.
<b>Cemetery Income (4400)</b>		<b>Monies received specifically for a cemetery.</b>
440001	Cemetery Income	Cash received for or from the operation of the cemetery that is not recorded in a different account.
440002	Cemetery Perpetual Care Income	Cash received for the maintenance of the gravesites and the cemetery.

Account No	Account Name	Description
<b>EXPENSE ACCOUNTS</b>		
<b><i>Clergy Salaries</i></b>		<b><i>Salaries/stipends paid to clergy.</i></b>
501001	Priests	Salaries and Mass Stipends. Priests may receive actual Mass Stipends or the monthly allowance, whichever option the pastor chooses at the beginning of the year. Mass Stipends are considered taxable income.
501002	Pastoral Associate	Salaries for associate priests.
501003	Priests – Extra Services	Weekend assistance provided by a priest not assigned to the parish. Also referred to as a Mass Fee. Stole fees remitted to retired priests and priests outside the Diocese are recorded here, too.
<b><i>Professional Staff Salaries</i></b>		<b><i>Salaries/Stipends paid to professional staff.</i></b>
502001	Administrator/Principal/DRE	Salaries for administrators, business managers, principals, and directors of religious education.
502002	Bookkeeper/Accountant	Salaries for bookkeepers and accounting staff.
502003	Liturgist	Salaries to those involved with liturgy (Mass, Vespers, Adoration, etc.)
502004	Musicians	Salaries/stipends paid to musicians participating in parish functions, including liturgy.
502005	Teachers	Salaries paid to lay teachers.
502006	Teachers – Religious	Salaries to members of religious orders who teach in the school.
502007	Teachers – Substitute	Salaries to personnel who replace regularly scheduled teachers temporarily.
502008	Teachers – Paraprofessional	Salaries to teacher aides or other paraprofessionals.
502009	Teachers – Counselor	Salaries to guidance counselors.
502010	Teachers – Pre Kindergarten	Salaries to pre-kindergarten teachers.
502011	Professional Salaries – Other	Salaries/stipends for school or religious education employees not included in other accounts.
<b><i>Support Staff Wages</i></b>		<b><i>Wages paid to support staff.</i></b>
503001	Secretary	Wages for members of the secretarial staff.
503002	Housekeeper	Wages for individuals who clean the rectory.
503003	Child Care Providers	Wages for individuals who provide child care services for the parish/school.
503004	Bus Drivers	Wages for bus drivers transporting students to and from school.
503005	Cafeteria Workers	Wages for individuals operating the cafeteria.
503006	Custodial Workers	Wages for individuals performing maintenance and janitorial duties.
503007	Support Staff – Other	Wages for employees not included in other accounts.



Account No	Account Name	Description
<b>Employee Benefits (5100)</b>		<b>Benefits paid by parish/school for employees' insurance, retirement, allowances, and administrative expenses.</b>
510010	Health Insurance	Employer portion of health and vision insurance expenses.
510015	Dental Insurance	Employer portion of dental insurance expenses.
510020	Life Insurance	Employer costs of life insurance.
510025	Disability Insurance	Employer costs of disability insurance.
510030	Retirement Benefit	Employer contributions to the retirement plan.
510035	Personal Allowance	Use for allowances that are not included in another account [Use 510070 for priests' housing allowances – rent, utilities.]
510040	Auto Allowance	As of 7/01/09, this account is no longer used.
510045	FICA Tax	Employer portion of the FICA tax on employee salaries and wages. The amount is the same as that withheld from the employee's salary. Both the employer and employee portions of FICA are remitted to the federal government. Priests and deacons should <i>not</i> have FICA deducted from their salaries.
510050	Unemployment Taxes	Generally, parishes are exempt from paying unemployment taxes. If unemployment taxes are paid, record them here.
510060	Cafeteria Plan	Administrative costs associated with the cafeteria plan, or flex plan, are recorded here.
510070	Priests' Housing Allowance	Payments for priests' rent and utilities.
510080	Priests' Food Allowance	As of 7/01/09, this account is no longer used.
510090	Priests' Retirement	Parish/school matching payment for priests' retirement
<b>Contracted Services (6000)</b>		<b>Fees paid to outside vendors for services rendered.</b>
600010	Accounting/Audit Services	Fees paid for accounting services.
600020	Computer Consultant	Fees paid for computer/technology services.
600030	Contracted Services	Services provided for the general operation of the parish/school. Use 730040 or 734045 if related to a building.
600040	Financial Services	Fees paid to investment advisors.
600050	Legal Services	Fees paid for legal services.
600060	Other Consultant Fees	Fees paid for consulting or planning.
<b>Administrative Expenses (7000)</b>		<b>Expenses related to the general administration of a parish or school.</b>
700010	Advertising	Include telephone directory listings.

<b>Account No</b>	<b>Account Name</b>	<b>Description</b>
700020	Equipment Rental/Maintenance	Expenses related to admin equip such as copiers, printers, and computers.
700030	Organization Dues	Membership dues to outside organizations
700040	Other Expenses	Use only if no other expense account fits the situation, use <b>sparingly</b> .
700050	Postage	Postage and shipping costs
700060	Printing	Outside printing expenses.
700065	Copier	Internal copy costs.
700070	Subscriptions/Publications	Books, magazines, newspapers for employees; if related to training, use 720010.
700080	Office Supplies	Office supply store orders and other administrative supplies.
700085	Computer Supplies	Computer supplies such as paper ribbons, software (750030, if instructional related), etc. Computer hardware not capitalized would be recorded in 735053 or 750025.
700090	Public Relations	Public relation expenses for parish or school that are not advertising related.
<b>Program Expenses (7100)</b>		<b>Expenses related directly to church ministries or school programs.</b>
710010	Financial Assistance	Direct assistance to individuals and organizations
710020	Food Supplies	All costs of food and related products including caterers
710030	Program Services	Stipends and expenses for speakers, facilitators, ad hoc services, and ICN fees, etc.
710040	Program Supplies	Special items used for a program. Gifts purchased as a thank you for program involvement would be recorded here.
710050	Room and Equipment Rental	Rental costs for hosting workshops, meetings, etc.
710060	Catholic School Assessments	Monies paid to schools within the Diocese for the education of parishioners' children.
710070	Chaplaincy Expense	Costs supporting the chaplaincy program in the Diocese. Amounts are determined by the Diocese.
710080	Outside Pastoral Assistance	Record monies paid to outside priests for services rendered in 501003. Record other individuals who provide pastoral assistance here.
<b>Employee Travel and Training (7200)</b>		<b>Expenses by employees for business travel or training.</b>
720010	Textbooks/Resources	Publications purchased for use in classes, workshops, or for training purposes.
720020	Continuing Education Fees	Employee tuition, registration fees, workshop fees, and training.
720030	Meals/Lodging	Employee expenses for food and hotel while traveling.
720040	Mileage/Travel	Employee travel costs including daily mileage, airfare, auto rental and taxis. Record travel for priests providing weekend assistance here.

Account No	Account Name	Description
<b>Building Expenses (7300)</b>		<b>Expenses related to buildings and grounds care. Certain insurances included as well.</b>
730010	Property and Liability Insurance	Premiums paid for property and casualty insurance coverage. Premiums are paid to the Diocese.
730020	Workers Compensation Insurance	Premiums paid for workers' compensation coverage. Premiums are paid to the Diocese.
730030	Building Improvements	Improvements to a building under \$1,000. Amounts over \$1,000 may be capitalized under fixed assets rather than expensed here depending upon Finance Council's dollar threshold established for the capitalization policy.
730040	Maintenance - Contracted Services	Services received under a contractual agreement for the maintenance of a building.
730050	Maintenance - Supplies	Supplies and materials used in the maintenance of a building.
730060	Rent	Building rent on an ongoing basis.
730070	Utilities	Record all utilities here or break out under 7360 accounts.
730080	Telephone	Include all telephone costs, including cell phone bills here.
730090	Internet service	Record internet service costs are here.
734040	Contracted Repairs	Services received under a contractual agreement for repair work.
734041	HVAC Maintenance	Costs for maintenance of boilers, heating and air conditioning units.
734042	Grounds Care	Costs associated with taking care of the property outside the building that is not contractual. Include snow removal or lawn care expenses here.
734043	Pest Control	Costs associated with pest control.
734044	Trash Removal	Record trash removal costs here.
734045	Other Contracted Services	Services received under a contractual agreement related to buildings that are not covered under another account. [Use 730040 for maintenance contracts]
735050	Maintenance - Supplies	Costs associated with maintenance items that are not janitorial (735052).
735051	Rectory Supplies	Household costs for the Rectory including laundry, kitchen supplies, bathroom supplies, bedding, newspaper, and everyday household items (not large items such as furniture or appliances).
735052	Janitorial Supplies	Amounts for janitorial or cleaning supplies such as cleaning agents, towels, brooms, etc.
735053	Small Equipment Purchases	Costs for equipment that are under the Finance Council's established capitalization policy (maybe \$1000) and are not included under 750025.
736070	Electricity	Record electricity costs here.
736071	Gas	Record gas costs here.

<b>Account No</b>	<b>Account Name</b>	<b>Description</b>
736072	Water	Record water costs here.
736073	Other Utilities	Record utilities not covered under other 7360 accounts, or 730070, here.
<b>Vehicle Expenses (7400)</b>		<b>Expenses related to parish or school-owned vehicles.</b>
740010	Auto Expense - Fuel	Fuel costs for parish/school vehicles that are not employee reimbursements for mileage (720040).
740020	Auto Expense - Repairs and Maintenance	Repair and maintenance costs associated with parish/school-owned vehicles.
<b>Instructional Expenses (7500)</b>		<b>Expenses incurred for educational purposes.</b>
750005	Textbooks	Costs for textbooks.
750010	Instructional Material	Costs for educational instructional materials.
750015	Instructional Supplies	Costs for instructional supplies and materials such as pencils, paper, workbooks, etc.
750020	Library/Media Center	Costs for library books, equipment, and other materials related to maintenance of the library and media center.
750025	Technology-Hardware	Costs related to technology hardware used for instructional purposes. See Parish/School's capitalization policy for possible capitalization of costs rather than expensing.
750030	Technology-Software	Software used for instructional purposes.
750035	Technology-Services	Technology service costs related to hardware/software used for instructional purposes.
750040	Guidance	Costs related to guidance counseling. Testing and evaluation may be broken out separately using account 750045.
750045	Testing	Costs related to any testing and related evaluation forms.
750050	Audio Visual	Audiovisual costs for supplies, repairs, and equipment not capitalized. See Parish/School's capitalization policy.
750055	Section 504	Costs related to a Section 504 program.
750060	Student Activities	Costs for extra-curricular activities other than athletics.
750065	Enrichment	Costs associated with educational enrichment programs such as Talented and Gifted (TAG).
750070	Athletics	Costs related to the operation of various athletic programs.
<b>Depreciation (8000)</b>		<b>The gradual conversion of the cost of an asset into expense. It is the allocation of the cost of the asset to the periods in which services from the asset are received. Depreciation does not affect cash balances. Straight line depreciation will generally be used.</b>

<b>Account No</b>	<b>Account Name</b>	<b>Description</b>
800010	Depreciation - Building	The offsetting credit applies to an Accumulated Depreciation-Buildings account (accounts 1600-1640).
800020	Depreciation - Improvements	The offsetting credit applies to an Accumulated Depreciation-Buildings account (accounts 1600-1640) or Accumulated Depreciation-Furniture and Fixtures (for fixture improvements) (account 1655).
800030	Depreciation - Furniture and Equipment	The offsetting credit applies to an Accumulated Depreciation-Equipment account (account 1650) or Accumulated Depreciation-Furniture and Fixtures (account 1655).
800040	Depreciation - Vehicles	The offsetting credit applies to an Accumulated Depreciation-Vehicles account (account 1660).
<b><i>Other Charges (9000)</i></b>		<b><i>Specific miscellaneous expenses.</i></b>
900010	Annual Diocesan Appeal (payments for prior years)	Amounts for prior year ADA assessments that were not covered by parishioner contributions. If parishes historically need to add to parishioner contributions for ADA, budget such amounts here.
900020	Bad Debt Expense	A charge-off for receivables on the balance sheet that are considered to be uncollectible. Apply the corresponding credit to the receivable.
900030	Bank Charges	Bank, or other financial institution, fees.
900040	Interest Expense	Interest expense incurred on monies borrowed from financial institutions, or the Diocese. Reflect monies borrowed on the Statement of Position under Current Liabilities (accounts 2100) or Long-Term Debt (accounts 2600).
900050	Other Parish Support	Monies paid to other parishes or schools as a donation. Record Catholic Assessments in 710060.



## Permission for Child Delivery of Scrip and Waiver of Claim

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I, \_\_\_\_\_, give permission to \_\_\_\_\_ to deliver Scrip, which I have ordered from parish/school to my child/ward, \_\_\_\_\_.

I understand that my child/ward will be responsible for the safe transport of the Scrip from school to my home and certify that I have discussed the responsibilities associated with the transport of Scrip with my child/ward. I further understand that I have the option of personally picking my Scrip orders from the parish/school rather than having my child/ward transport it.

I agree that once the parish/school delivers the Scrip to my child/ward that the parish/school is not responsible for any Scrip which is lost, stolen, or misplaced. I hereby waive any right of recovery that I may have against the parish/school for Scrip which is lost, stolen, or misplaced after it is given to my child/ward.

This agreement is effective for the \_\_\_\_\_ school year.

\_\_\_\_\_  
Parent/Guardian Signature

\_\_\_\_\_  
Date

## Scrip Agreement

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[YOUR PARISH/SCHOOL NAME]

[YOUR PARISH/SCHOOL NAME] (referred to herein as “we,” “us” and “our”) sponsors a scrip program which allows you to purchase scrip. The scrip you purchase through our program generates rebates from the participating retailers. These rebates can be used as a credit to your tuition account, cash back to you, and/or a gift to the school or parish. The parties agree as follows:

1. Rebates earned will be used in the following ways:
  - a. \_\_\_\_\_% as a charitable contribution to the school
  - b. \_\_\_\_\_% as a charitable contribution to the parish
  - c. \_\_\_\_\_% as tuition credit to my family’s tuition account: \_\_\_\_\_
  - d. \_\_\_\_\_% as lunch credit to my family’s lunch account: \_\_\_\_\_
  - e. \_\_\_\_\_% as tuition credit for the following school family: \_\_\_\_\_
  - f. \_\_\_\_\_% as tuition credit for a school family in need as determined by the school
  - g. \_\_\_\_\_% cash rebate to you

**Total: 100%**

Our scrip program distributes the rebates [your number here] times a year in the month(s) of [your months here].

With respect to your charitable contributions, we will provide you with all required acknowledgements under sections 170(f)(8) and 170(f)(17) of the Internal Revenue Code.

You agree to indemnify us against any loss incurred in connection with there being insufficient funds in your account to cover the checks or ACH transfers you issue to pay for your scrip. We make no representations or warranties of any kind with respect to the scrip. This agreement continues unless replaced by another, and can be terminated by either of us upon 60 day’s advance notice to the other. Please sign and date below to indicate your acknowledgement of this agreement.

Purchaser’s Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

(referred to herein as “you” and “your”)

Address: \_\_\_\_\_

ACKNOWLEDGED: [YOUR PARISH/SCHOOL NAME]

By \_\_\_\_\_ Date: \_\_\_\_\_

[Authorized Person’s Name & Title]



## New Employee Checklist

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- Application and Job Description
- Background Screening Application
  - Check the MVR (Motor Vehicle Record) box if the employee will be driving during the course of their employment
- Code of Conduct Acknowledgment
- Reference checks
- I-9
- Federal W-4
- State W-4
  - This is also the Centralized Employee Registry Form – see directions for submission on the top of the W-4
- Direct Deposit Authorization if applicable
- Notice to LMC of New Hire for all (part-time and full-time) employees (this will generate communication from LMC to benefit eligible employee regarding their benefits.) If employee does not wish to take the health insurance, they still need to go out to the benefits site to ‘waive’ their enrollment. You will receive the employee deduction information from LMC.
  - 28 hours eligible for all benefits
- 403(b) - All employees working 20 hours or more are eligible for this benefit. Effective 7/1/2017 LMC will no longer be sending the 403(b) notice to the employee so the folder and enrollment will come from your location. The match will begin after the first year. All matches are now 50% of the employee contribution up to a maximum of 8% of the employee’s wages.
- Marketplace Coverage Options Notice (give to both part-time and full-time employees)
- Receipt for Computer Usage Policy if applicable
- Receipt for handbook if applicable
- Access passwords for computer
- Software Authorizations if applicable
- Financial Institutions, authority to access or withdraw, if applicable
- Keys (new locks/combinations, if necessary), credit cards, equipment (phone, computer, etc.) if applicable
- VIRTUS Training
- Information to payroll provider
- Timesheet
- Vehicle Policy receipt and acknowledgement if applicable
  - Be Safe certification if applicable
  - Proof of insurance if applicable
- Notice to Catholic Mutual Group when employee is driving vehicle(s) owned by the location

I9 Form: <https://www.uscis.gov/sites/default/files/files/form/i-9.pdf>

State W-4: type W-4 in search bar: <https://tax.iowa.gov/>

Federal W-4: type W-4 in search bar: <https://irs.gov/>

## Terminated Employee Checklist

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*If the parish or school is terminating employment, not the employee, you must call Diocese at 515-237-5085*

- Request a written letter of resignation
- If being terminated by parish/school make sure you have called HR 515-237-5085
- Financial Institutions (including safe deposit boxes) authorizations removed, if applicable
- Credit Cards/store cards, collect cards and remove authorizations
- Equipment returned (computer, mobile phone, etc.), if applicable
- Software Authorizations/access removed, if applicable
- Notify LMC and Christian Brothers via the online portal
- Collect keys, credit cards, equipment
- Notify payroll provider if applicable
- ParishSOFT Accounting Payroll Module – uncheck Active in Emp/Cust tab

# Certificate of Liability Insurance

DATE (MM/DD/YYYY)  
12/3/2015

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER**

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER XYZ Insurance Agency	Contact Name:  Phone (A/C No. Ext)      Fax # (A/C, No)  Email Address
INSURED XYZ Construction Company 125 Main Street Des Moines, IA	INSURER(S) AFFORDING COVERAGE
	INSURER A
	INSURER B
	INSURER C
	INSURER D
	INSURER E

COVERAGES      CERTIFICATE NUMBER: 1381737218      REVISION NUMBER:

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	Y		Policy Number	XX/XX/XXXX	XX/XX/XXXX	EACH OCCURRENCE	\$2,000,000
	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS			Policy Number	XX/XX/XXXX	XX/XX/XXXX	COMBINED SINGLE LIMIT (Ea. Accident)	\$1,000,000
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE  DED    RETENTION \$						EACH OCCURRENCE	
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> Y/N ANY PROPRIETOR/PARTNER EXECUTIVE/OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below.	N/A		Policy Number	XX/XX/XXXX	XX/XX/XXXX	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTH ER	
							E.L EACH ACCIDENT	\$100,000
							E.L DISEASE – EA EMPLOYEE	\$500,000
							E.L DISEASE – POLICY LIMIT	\$100,000

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)**  
 The Parish Name/institution and The Roman Catholic Diocese of Des Moines are Additional Insured on the General Liability Policy

CERTIFICATE HOLDER The Roman Catholic Diocese of Des Moines 601 Grand Ave Des Moines, IA 50309	CANCELLATION <b>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS</b> AUTHORIZED REPRESENTATIVE
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## AIA Documents

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### **Necessary deletions to various construction contracts:**

When parishes/Institutions enter into a contract for a major renovation or remodeling project of parish/institution facilities or for the construction of a new building, a contract is signed with the general contractor. In most instances, the contract required is a standard contract prepared by the American Institute of Architects, (AIA). Two of the most common standard contracts are the AIA Document A201 and the AIA Document A107, but there are many other AIA contracts.

From an insurance and indemnification standpoint, the standard documents are written in favor of the contractor and/or sub-contractor. Fortunately, the contracts can be altered to make them more equitable for parishes/Institutions.

Attached is a contract that allows for changes to be made to various AIA contracts. Please note the changes are only intended to address insurance and indemnification concerns. Other areas of the contract should be reviewed on behalf of the parish/institution by a qualified attorney and the Diocesan Building Commission.

## Addendum/Changes to the AIA Contract

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**Please check the box next to the AIA or AGC document that is being utilized. Checked boxes will denote the deletion and/or modification of the corresponding AIA or AGC contract as shown below.**

Owner and Contractor agree that changes outlined will be binding and alter the corresponding AIA or AGC contracts. Both Owner and Contractor agree the Addendum will supersede any other contractual language.

### AIA Document A201 – 1987 edition - General Conditions of the Contract for Construction

- 11.3.1 Delete Second half of first sentence (beginning after semicolon with “This insurance shall...”)
- 11.3.2 Delete entire paragraph
- 11.3.3 Delete entire paragraph
- 11.3.5 Delete entire paragraph
- 11.3.7 Delete entire paragraph

### AIA Document A201 – 1997 edition - General Conditions of the Contract for Construction

- 10.3.3 Delete the word “sole” from the last sentence
- 11.3.3 Delete entire paragraph
- 11.4.1 Delete the last sentence only (beginning with “This insurance shall...”)
- 11.4.2 Delete second half of first sentence (beginning after semicolon with “This insurance shall...”)
- 11.4.3 Delete entire paragraph
- 11.4.5 Delete entire paragraph
- 11.4.7 Delete entire paragraph

### AIA DOCUMENT A107 – 1987 edition - Abbreviated Form of Agreement between Owner and Contractor for Construction Projects of Limited Scope

- 17.2 Delete last sentence only (beginning with “The Contractor shall...”)
- 17.3 Delete last sentence only (beginning with “This insurance shall...”)
- 17.6 Delete entire paragraph

### AIA Document A107 – 1997 edition - Abbreviated Standard Form of Agreement between Owner and Contractor for Construction Projects of Limited Scope

- 15.2.2 Delete the word “sole” from the last sentence

- 16.3.3 Delete entire paragraph
- 16.4.1 Delete last sentence only (beginning with “this insurance shall...”)
- 16.5.1 Delete entire paragraph

AGC Document 410 – 1993 edition - Standard Form of Design – Build Agreement and General Conditions between Owner and Contractor

- 11.5.1 Delete second sentence only (beginning with “This insurance shall...”)
- 11.5.3 Delete entire paragraph
- 11.5.4 Delete entire paragraph
- 11.6.1 Delete entire paragraph
- 11.7.1 Delete entire paragraph
- 11.7.2 Delete entire paragraph

AGC Document 415 – 1993 edition - Standard Form of Design – Build Agreement and General Conditions between Owner and Contractor

- 10.1.2 Delete entire paragraph
- 10.5.1 Delete Contractor, Architect/Engineer, Subcontractors and Sub subcontractors from the second sentence in lines two and three
- 10.5.4 Delete Contractor, Architect/Engineer, Subcontractors and Sub subcontractors from the first sentence in lines one and two and the entire last sentence (beginning with “Exposures of the...”)
- 10.5.5 Last sentence only (beginning with “If the Contractor...”)
- 10.7.1 Delete entire paragraph
- 10.7.2 Delete entire paragraph

AIA Document A191 – Electronic Format – 1996 edition - Standard Form of Agreements Between Owner and Design/Builder

- 7.2.1 Delete last sentence only (beginning with “The Design/Builder shall...”)
- 7.3.1 Delete last sentence only (beginning with “This insurance shall...”)
- 7.3.3 Delete entire paragraph
- 7.3.4 Delete last sentence only (beginning with “This insurance shall...”)
- 7.3.8 Delete entire paragraph
- 7.4.1 Delete entire paragraph

AIA Document B141 – 1987 edition - Standard Form of Agreement between Owner and Architect

9.4 Delete entire paragraph

AIA Document B141 — 1997 edition - Standard Form of Agreement between Owner and Architect with Standard Form of Architects Services

1.3.6 Delete entire paragraph

1.3.7.4 Delete entire paragraph

AIA Document B151-1997 edition - Abbreviated Standard Form of Agreement between Owner and Architect

9.4 Delete entire paragraph

AGC Document 250 – 2000 Edition - Standard Form of Agreement and General Conditions between Owner and Contractor

11.1.1 Delete the phrase “other than to the work itself and other property insured under subparagraph 11.4” from the first sentence (beginning in the third line)

11.1.2 Owner will not be responsible to indemnify for any act or omission of an Architect/Engineers or others

11.2 Delete entire paragraph

11.4.1 Delete the second sentence (beginning with “This insurance shall also name...”) and delete the fourth sentence (beginning with “This policy shall provide for a waiver...”)

11.4.3 Delete entire paragraph up to the word “more” in the eighth line. The rest of the paragraph (beginning with “the Contractor shall indemnify”) remains intact.

CONTRACTOR:

PARISH/INSTITUTION:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name (Parish is understood to include the Diocese of Des Moines)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## Standard Construction Contract

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This Construction Contract (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ and \_\_\_\_\_ (“Contractor”).

WITNESSETH:

WHEREAS, \_\_\_\_\_ owns the following real property described as:  
\_\_\_\_\_ (the "Real Estate"); and

WHEREAS, Contractor and \_\_\_\_\_ have agreed to enter into this Agreement for the performance of certain Real Estate construction work pursuant to the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Contract Documents. The "Contract Documents" consist of this Agreement, the General Conditions set forth on Exhibit "A" and the Scope of Work set forth on Exhibit "B" attached hereto.

2. The Work. Contractor shall execute and perform all work to complete the improvements as specified in the Scope of Work attached hereto as Exhibit "B" (the "Work"). Contractor will furnish all permits, labor, material, equipment and supervision to complete the Work.

3. Performance by Contractor. Contractor covenants with \_\_\_\_\_ to perform the Work in accordance with the Contract Documents. Contractor shall perform, supervise and direct the Work, using Contractor's best skill and attention, and in all events in a good and professional manner and in accordance with high industry standards. Contractor shall be solely responsible for, and have control over, construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work. Contractor shall provide \_\_\_\_\_ with a list of all subcontractors that will be utilized for the Work and with a copy of the agreement between Contractor and each such subcontractor. Contractor shall verify that all subcontractors maintain general liability insurance, worker's compensation insurance and automobile liability insurance, and Contractor shall indemnify and defend \_\_\_\_\_ for any claim or cause of action, whatsoever which was caused by the negligence, or other actionable fault of an uninsured subcontractor.

4. Date of Commencement and Substantial Completion. The date of commencement shall be no later than \_\_\_\_\_, 20\_\_\_\_ (the "Commencement Date"). Contractor shall achieve substantial completion of the Work within a reasonable time after the Commencement Date, but in all events by not later than \_\_\_\_\_, 20\_\_\_\_, subject only to and as extended by any reasonable delays caused by weather conditions that are outside of the normal and ordinary historical conditions, labor disputes, unavoidable casualty, unusual delay in deliveries, acts of God, or other causes beyond Contractor's control, or by a work stop permitted by the terms of this Agreement. Substantial completion shall be the stage in the progress of the Work when the Work is sufficiently complete in accordance with the Contract Documents so that all of the site improvements may be fully used for their intended purposes.

5. Contract Sum and Allowances. \_\_\_\_\_ shall pay Contractor the sum of \$\_\_\_\_\_ (the "Contract Sum") for the Work, subject to adjustments for change orders and allowances as herein provided. If the actual cost for any item listed on the Contract Documents is less than the Cost of the Work for that item, then the Contract Sum will be reduced by the amount of the savings. If the actual cost for any item listed on the Contract Documents is more than the Cost of the Work for that item, the Contract Sum will be increased by the amount of the additional cost, but in no event, and under no circumstances, shall the aggregate of such additional costs exceed \$\_\_\_\_\_.



6. Cost of the Work. The “Cost of the Work” shall include only those costs and expenses described below that are reasonably required for completion of the Work in accordance with the Contract Documents, and which have been or will be paid by Contractor. The actual costs of the following items constitute the “Cost of the Work” if the cost is incurred by Contractor in the performance of the Work:

- a. The cost of items which are consumed in the performance of the Work including tools, supplies, equipment and materials;
- b. The cost of removing debris;
- c. The cost (including transportation) of equipment, supplies and material;
- d. The cost of preventing or mitigating an emergency affecting the safety of persons or property;
- e. The cost of labor, including employees (at Contractor’s regular and ordinary course rate) and subcontractors;
- f. The cost of permits;
- g. The cost of premiums for insurance and bonds required by the Contract Documents, but excluding the insurance required by Section 7 in Exhibit A;
- h. The cost of leasing and/or renting machinery or equipment;
- i. The cost of architectural and engineering plans and drawings, including any changes or additions;
- j. Taxes (sales and/or use) payable as a result of purchase of materials and/or the performance of the Work; and
- k. Other costs incurred in the performance of the Work if and to the extent approved in writing by \_\_\_\_\_, in \_\_\_\_\_’s sole discretion.

7. Change Orders. Any change to the Contract Documents (“Change Order”) shall be in writing. Unless otherwise agreed in a written Change Order, the Contract Sum shall be increased for any additional Work specified in the change order in question by a sum equal to the Cost of the Work.

8. Progress Payments. On or about the 10th day of each month following commencement of work under this Agreement, Contractor shall submit a written statement (“Invoice”) to \_\_\_\_\_ showing all moneys paid out or costs incurred by Contractor on account of the Cost of the Work during the previous month. Beginning with the second full month following commencement of work under this Agreement, the Invoice will be accompanied by a partial waiver of mechanic’s lien from Contractor and each subcontractor that was included on the Invoice submitted for the previous month in form and content reasonably acceptable to \_\_\_\_\_. Contractor agrees to also provide such other payment documentation, and to follow such other payment procedures, as may be required by \_\_\_\_\_ for the Work. Payments of Invoices shall be made within ten (10) days after receipt by \_\_\_\_\_ of the Invoice and of all other necessary documentation. Contractor shall be responsible for disbursing payments with lien waiver forms to the subcontractors.

9. Final Completion and Final Payment. Final payment shall be due within fifteen (15) days after the later of the date on which (i) a certificate of occupancy (or its equivalent) has been issued, or (ii) the completed appliances, materials, components and improvements required under the Work and this Agreement (collectively, the “Improvements”) have been accepted by \_\_\_\_\_ for the Work (the “Completion Date”). \_\_\_\_\_ acceptance of the Improvements shall not limit or otherwise

affect any of Contractor's warranties or other duties, obligations, responsibilities or liabilities under this Agreement. At the time of this final payment, Contractor shall provide \_\_\_\_\_ with a mechanic's lien waiver signed by each of the subcontractors and by Contractor in the full amount of all payments made by \_\_\_\_\_ to Contractor and in form and content reasonably acceptable to \_\_\_\_\_. All sums remaining unpaid after ten (10) days from the due date which are not being disputed in good faith shall accrue interest at the rate of ten percent (10%) per annum.

10. Right to Stop Work. Contractor shall have the right to stop Work in the event \_\_\_\_\_ shall fail to pay any progress payment due hereunder without such Work stoppage constituting a breach of Contractor's duties, provided Contractor provides \_\_\_\_\_ with not less than five days prior written notice of such Work stoppage. Any delay caused by a Work stoppage shall extend the time for substantial completion of the Work.

11. Arbitration. All claims, disputes and other matters in question between the parties to this Agreement arising out of or relating to this Agreement, or the breach thereof, involving the means, methods, or quality of the work performed, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in effect, and Chapter 679A of the Code of Iowa, unless the parties mutually agree otherwise. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Provided however, nothing herein shall be construed to (i) restrict Contractor's right to file a mechanic's lien, or to commence an action at law or in equity to foreclose said lien, or to seek any other available remedy for nonpayment of any sums due under the terms of this Agreement, or (ii) \_\_\_\_\_ right to seek any equitable relief or remedy. Contractor shall continue performance of the Work during any arbitration proceeding.

12. Cost Breakdown. Contractor will provide such cost breakdown information as may be reasonably requested by \_\_\_\_\_ CPA. The \_\_\_\_\_ and \_\_\_\_\_ CPA shall be solely responsible for analysis of the information, and for any tax decisions.

13. Miscellaneous Provisions.

a. Entire Agreement. This Agreement, the Contract Documents listed herein, and the exhibits and attachments hereto, set forth all the covenants, provisions, agreements, conditions and understandings between the parties and there are no other covenants, promises, agreements, conditions or understandings either oral or written, between them. If any portion of the aforementioned documents are deemed or are determined to be in conflict with local or state or national statutes, that portion which is in conflict will be stricken with the remainder remaining binding for both parties.

b. Governing Law and Venue. This Agreement shall be governed by the laws of the State of Iowa both as to interpretation and to performance. Any action brought to enforce this Agreement shall be in \_\_\_\_\_ County, Iowa.

c. Assigning. Neither party hereto may assign their interest or obligations hereunder without the written consent of the other, which consent may be withheld in each party's sole discretion; provided, however, that \_\_\_\_\_ may assign this Agreement, including as security or collateral, to \_\_\_\_\_ lender for the Work without notice to, or the consent of, Contractor.

d. Exhibits. Any and all exhibits referred to in this Agreement are hereby incorporated herein by reference and are made a part hereof as if they were included in the text hereof.

e. Notices. Any notice required to be given by the parties hereto shall be sent to the person and address shown at the beginning of this Agreement, unless either party notifies the other, in writing, of a new address, by certified mail, return receipt requested, or delivered in person.

f. Attorney Fees and Costs. In the event either party brings an action to enforce their rights under this Agreement, then the prevailing party shall be entitled to recover all of their costs, including reasonable attorney fees, related to such action.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

\_\_\_\_\_

CONTRACTOR

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT A

### GENERAL CONDITIONS

1. Contractor shall perform, supervise and direct the Work using its best skill and attention, and in all events in a good and professional manner and in accordance with high industry standards. Contractor shall be solely responsible for all construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work.

2. Unless otherwise specifically noted, Contractor shall provide and pay for all labor, materials, equipment, tools, construction and other facilities and services necessary for the timely and proper execution of the Work.

3. Contractor shall at all times enforce reasonable discipline and good order among its employees and subcontractors, and Contractor shall not knowingly employ or otherwise retain for the Work, any unfit person or anyone not skilled in the task assigned to him or her.

4. All materials and equipment incorporated in the Work will be new, of good quality, free from faults and defects and in conformance with the Contract Documents. Contractor assigns to \_\_\_\_\_ all warranties provided by manufacturers and suppliers as to all appliances, materials, and components constituting or otherwise incorporated in or related to the Work. Contractor hereby warrants to \_\_\_\_\_ that all Work shall be free of defects in workmanship and materials for a period of twelve (12) months from the Completion Date.

Contractor also represents and warrants to \_\_\_\_\_ as follows: (i) all of the Work shall be performed in accordance with all applicable federal, state and local laws, rules, regulations, orders and ordinances (collectively, "Laws"); (ii) all of the Improvements shall comply in all respects with all Laws; and (iii) all of the Improvements shall, upon payment in full under this Agreement by \_\_\_\_\_, be free and clear of all liens, mechanic's liens, security interests, financing statements, encumbrances, claims and demands of whatever kind, type or nature whatsoever in any way arising from or through Contractor or anyone claiming by or through Contractor, including, without limitation, any employee or subcontractor of Contractor.

The parties agree that this Section 4 shall survive completion of the Work and construction and the payment of all sums under this Agreement.

5. Contractor shall keep the premises free from accumulation of waste materials or rubbish caused by the Work or otherwise by Contractor's operations.

6. Contractor shall secure and pay for all permits and certificates of inspection that may be required in connection with the Work.

**EXHIBIT B**  
**Scope of Work**  
See Attached

# Diocese of Des Moines

## Service Contractor Insurance & Indemnification Agreement

---

This Agreement, as negotiated herein, is entered into by and between \_\_\_\_\_  
“Service Contractor” and \_\_\_\_\_ “Parish/School”.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Service Contractor and The Parish/School agree as follows:

### A. Statement of Work:

From time to time, Service Contractor may perform services (“Work”) for The Parish/ School, the conditions and terms for such projects to be negotiated in separate agreement(s). In addition to the terms and conditions agreed upon with respect to those particular projects, the Service Contractor and The Parish/School hereby agree that the terms and conditions of this Agreement (the “Agreement”) shall apply whenever Service Contractor provides services to The Parish/School.

### B. Insurance:

See attached (page 208) for Insurance Requirements

The consultant and any other party working on their behalf shall purchase and maintain professional liability insurance for the duration of the agreement. In addition to this, in the event coverage is provided under a claims made policy coverage, an extended reporting period provision is required for a minimum of 3 years from the completion of the work. Any policy retention or deductible is the responsibility of the policy holder.

### C. Indemnification:

The Work performed by the Service Contractor shall be at the risk of the Service Contractor exclusively. Service Contractor assumes the entire responsibility and liability for all Work, supervision, labor, and materials provided under any contract for Work by the Service Contractor, or under any other direction, until final acceptance of the entirety of the Work by The Diocese. To the fullest extent permitted by law, Service Contractor hereby indemnifies and holds harmless: The Diocese, its parent and affiliates, and their respective officers, directors, employees and agents “Parish/School” from all claims, actions, losses, judgments, or expenses (including, but not limited to: attorneys’ fees, consequential damages, and punitive damages) arising from or in any way connected to the work performed, materials furnished, or services provided to The Diocese during the term of this Agreement regardless of whether or not such claim, action, loss, judgment, or expense is caused in part by a party indemnified hereunder. Service Contractor shall be liable to The Diocese for all costs incurred by The Diocese as a result of any failure of the Service Contractor, or any of its suppliers or Service Contractor of any tier, to meet the terms of this Agreement.

### Miscellaneous:

Service Contractor is an independent contractor and is not an employee of The Diocese.

a. Thirty-day prior written notice is required if Service Contractor’s policy is to be cancelled for non-payment of premium. Certificates of insurance acceptable to the Parish/School and Roman Catholic Diocese of Des Moines shall be filed with the Parish/School and Roman Catholic Diocese of Des Moines prior to commencement of the Work. These certificates and the insurance policies required by this Agreement shall contain a provision that coverages afforded under the policies will not be cancelled or allowed to expire until at least thirty-day prior written notice has been given to the Parish/School and Roman Catholic Diocese of Des Moines. If any of the foregoing insurance coverages are required to remain in force after final payment and are reasonably available, an additional certificate evidencing continuation of such coverage shall be submitted with the final Application for Payment. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the Service Contractor with reasonable promptness.

- i. Coverage shall remain in force for two years subsequent to project completion.
- ii. This Agreement is governed by the laws of the State of Iowa. Any and all amendments must be agreed-to in writing by all parties to this Agreement.
- iii. This Agreement shall inure to the benefit of, and be binding upon, the heirs, personal representatives, successors and assigns of the parties hereto, provided however, that neither The Diocese nor the Service Contractor shall assign this Agreement without first having obtained prior written consent of the other.
- iv. This Agreement shall remain in full force and effect from the date of signing unless cancelled in writing by either party upon thirty-day prior written notice. The cancellation of this Agreement shall not negate any term or condition, such as the indemnity and/or insurance requirements.

Signature of Service Contractor	Date	Signature of Pastor	Date

See next page

**Attachment Service Contractor - Insurance Requirements:**

The Contractor should obtain and maintain, at its own expense, insurance of at a minimum the following types of coverages and limits of liability as specified below. All policies shall be issued by insurers admitted to do business in the state where the work will be performed, and rated A- VII or better by

A.M. Best. Certificates of insurance that meet the requirements set forth in this document must be shown by the Contractor and sub-Contractor (if applicable) prior to starting the job. If the sub-contractor does not meet the requirements set forth in this document, approval must be obtained from the Director of Property Management.

**Commercial General Liability**

**Limits of Insurance:**

\$1,000,000	Each Occurrence Limit
\$2,000,000	General Aggregate
\$2,000,000	Products / Completed Operations
\$1,000,000	Personal & Advertising Injury
\$50,000	Fire Damage Liability
\$5,000	Medical Expense per Person

- Coverage on ISO CG0001 or similar. Restricting endorsements must be noted and approved.
- Waiver of Subrogation in favor of The Diocese and should apply to The Diocese's officers, agents, and employees.
- General Aggregate Limit shall apply separately to each project.
- Parish/School and Roman Catholic Diocese of Des Moines shall be named as additional insured for all work performed under the contract using Form numbers CG2010 (07/04) or CG 2010 (07/04) or equivalent. Additional Insured status for both ongoing and completed operations is required.
- Coverage shall be primary and noncontributory with respect to the additional insured.
- The Diocese's insurance coverage is excess, non-contributory and not co-primary in relation to the coverage purchased by the Contractor or the sub-Contractor.
- Coverage shall remain in force for two years subsequent to project completion.



## Commercial Auto Liability Insurance

### Limits of Insurance:

- \$1,000,000 Combined Single Limit Bodily Injury & Property Damage
- Coverage on ISO CA0001 or similar. Restricting endorsements must be noted and approved.
- Policy shall provide liability for all owned, non-owned and hired autos used by the Contractor.
- Waiver of Subrogation in favor of The Diocese and should apply to The Diocese's officers, agents, and employees.

## Workers' Compensation Insurance

### Limits of Insurance:

- \$100,000 Bodily Injury by Accident (each accident)
- \$500,000 Bodily Injury by Disease (policy limit)
- \$100,000 Bodily Injury by Disease (each employee)
- Restricting endorsements must be noted and approved.
- Waiver of Subrogation in favor of The Diocese and should apply to The Diocese's officers, agents, and employees.

## Umbrella Liability

### Limits of Insurance:

- \$2,000,000 Each Occurrence & Annual Limit (could vary depending on project)
- Coverage shall be at least as broad as provided in primary policies
- Restricting endorsements must be noted and approved.
- Waiver of Subrogation in favor of The Diocese and should apply to The Diocese's officers, agents, and employees.

## Professional Liability for IT Technology, including Cyber / Data Privacy Risk

### Limits of Insurance:

- \$2,000,000 Each Claim / Loss
- \$2,000,000 Aggregate

Policy should cover:

- Professional misconduct or lack of ordinary skill for those positions defined in the Scope of Services of this contract.
- Liability arising from theft, dissemination and/or use of confidential information (a defined term including but not limited to bank account, credit card account, personal information such as name, address, social security numbers, etc. information) stored or transmitted in electronic form.
- Network Security Liability arising from the unauthorized access to, use of or tampering with computer systems including hacker attacks, inability of an authorized third party, to gain access to your services including denial of service, unless caused by a mechanical or electrical failure.
- Liability arising from the introduction of a computer virus into, or otherwise causing damage to, a customer's or third person's computer, computer system, network or similar computer related property and the data, software, and programs thereon.
- Coverage shall remain in force for three years following termination of the Contract.

**Professional Liability / Errors & Omissions (if applicable) Limits of Insurance:**

- \$1,000,000 per Claim
- \$1,000,000 Aggregate
- Policy must be maintained for the duration of agreement. If policy is claims made, either the policy must be maintained for three years after work has been completed; or an Extended Reporting provision must be in effect for three years after work has been completed.

## Facility Usage Agreement (Sample) For Parishes, Schools and Institutions

This Facility Use Agreement is entered into by and between \_\_\_\_\_  
(Owner) and \_\_\_\_\_ (Licensee), for Licensee's rental of the facility  
space known as \_\_\_\_\_ and located at \_\_\_\_\_  
\_\_\_\_\_, Iowa and terms are fully described in  
this agreement.

### **The Parties Agree as Follows:**

Event Specifics: Date of the Event \_\_\_\_\_

Duration of the Event: from \_\_\_\_\_ a.m. p.m. to \_\_\_\_\_ a.m. p.m.

Purpose for which the facility is being rented \_\_\_\_\_

Rental Fee Charged: \_\_\_\_\_

To be paid as follows: A deposit in the amount of \$\_\_\_\_\_ to hold the facility and date is due at  
time of Agreement signing, and the balance is due on or before \_\_\_\_\_

Estimated Guest/Attendees Count: \_\_\_\_\_

If a wedding reception, full names, addresses, and phone numbers of Bride and Groom: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

If other event, full name, address and phone number of Licensee's contact person: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Other specific arrangements between Owner and Licensee for the event: \_\_\_\_\_

\_\_\_\_\_

1. **Insurance.** Licensee agrees to abide by the insurance requirements called for in the Third-Party Special Events Coverage policy
2. **Indemnification and Hold Harmless.** To the fullest extent permitted by law, Licensee will indemnify Owner and save Owner, its agents and employees, and hold harmless from and against any and all claims, actions, damages, liability, and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in or upon Owner's property, or the occupancy or use by Licensee of the property or any part thereof or the use by Licensee of any adjacent property, or occasioned wholly or in part by any act or omission of Licensee, its agents, employees, servants, Licensees, concessionaires, guests or other attendees. In case Owner shall be made a party to any litigation commenced by or against Licensee, Licensee shall protect and hold Owner harmless and shall pay all costs, expenses and reasonable attorney's fees incurred or paid by Owner in connection with such litigation. This paragraph (2) does not relieve Licensee's

responsibility to comply with paragraph (1).

3. Licensee's Representations and Owner's Right to Deny Use. As an inducement to the Owner entering into this Agreement with Licensee, Licensee represents that:

- (a) Licensee is not an individual, group or organization whose purpose, tenets, acts or omissions, or objectives contradict the faith and morals of the Catholic Church or the policies of the Diocese of Des Moines, as determined by the Bishop of the Diocese of Des Moines; and
- (b) In using the Facility, Licensee and its guests or attendees will not engage in (i) unlawful, unsafe, or hazardous activity on or around the Facility's premises; (ii) a political Event in support of one candidate for civil office and in opposition to other candidates for the same office; or (iii) an activity which offends or is contrary to the faith or morals of the Catholic Church.

Additionally, Licensee acknowledges that the Owner reserves the right to deny the use of facilities to any person, group or organization when the Owner determines that the granting of such use will not be in the best interest of the Owner or the Diocese, or that the denial of such use is necessary to avoid scandal.

4. Impossibility. Licensee acknowledges that the Owner shall not be liable for Owner's failure to provide the Facility for the Event due to fire, electrical failure, an act of God, or other condition beyond its reasonable control. In such case, Owner will make all reasonable efforts to reschedule the Event. If a rescheduled date cannot be agreed upon, Owner shall refund all monies paid by Licensee as Licensee's sole and exclusive remedy.
5. Damage or Loss. Owner assumes no liability for the loss, damage or return of any items of personal property brought onto the premises by Licensee, or any of its guests. Licensee assumes all liability and risk of loss for any loss or damage to items of personal property brought onto premises by any member of said Licensee, or its agents, employees, servants, concessionaires, guests or other attendees. Owner assumes no liability for the loss or damage of vehicles parked in the Church/School/other Diocesan entity/Facility parking lot by Licensee, or any of its guests.
6. Adherence to Facility Rules. Licensee agrees to adhere, and to require its guests and attendees to adhere, to the following rules during the use of the Owner's facility:
- (a) Licensee and its guests or attendees will not engage in (i) unlawful, unsafe, or hazardous activity on or around the Facility's premises; (ii) a political event in support of one candidate for civil office and in opposition to other candidates for the same office; or (iii) activity which offends or is contrary to the faith or morals of the Catholic Church.
  - (b) The Facility's Building Manager or the Owner's designee shall approve scheduling of all building facilities.

- (c) Licensee agrees to conduct the Event in a civil orderly manner, and at reasonable noise level, and Owner reserves the right to eject any guest or attendee of the Event from the premises for damage to property, injury to person, unacceptable, unruly and/or dangerous behavior, inappropriate attire, lewd acts, disregard of Owner's policies or these Rules, or for other violation of this Agreement.
- (d) The Event must terminate by 1:00A.M. If the Event will have minors in attendance who are not accompanied by a parent or guardian, Licensee will be fully responsible for city curfew compliance.
- (e) All decorations, flowers, liquor, or food items must be removed at the conclusion of the Event.
- (f) There is to be NO SMOKING inside the building or on the premises.
- (g) Firearms are strictly prohibited in the building, outside the building, and on the premises with the exception of security/police officers.
- (h) Licensee shall comply with all applicable laws, ordinances and regulations in the use of the facility.
- (i) Licensee is responsible for the conduct and acts and omissions of all individuals attending Licensee's Event, including, but not limited to, all guests, attendees, caterers and vendors.
- (j) Licensee is required to ensure that Licensee's guests and the caterer and other vendors for the Event also comply with all applicable laws, ordinances and regulations.
- (k) Licensee shall be liable for abuse of, damage to, or loss of property belonging to Owner, whether real or personal, and any and all injuries occurring to Licensee, its guests, attendees, and third parties as a result of Licensee's use of Facility or conduct of Licensee, guests and/or attendees at the Event. Licensee agrees to reimburse the Church, upon demand, such sum as will be necessary to restore or replace the damaged property. Licensee assumes full responsibility for the character, acts and conduct of all persons attending Licensee's Event.
- (l) Licensee will not charge for (whether by admission fee or otherwise) alcoholic beverages served at Licensee's Event and will otherwise comply with all laws regarding the use and consumption of liquor.

7. Complete Agreement. This represents the complete agreement between the parties. Any change or modification to this Agreement will be invalid unless made in writing and signed by both parties to this contract.

Agreed and entered into on the last date written below.

**OWNER:**

**LICENSEE:**

\_\_\_\_\_  
Print Name of Owner (Owner or other  
Diocesan entity)

\_\_\_\_\_  
Print Name of Person or Entity

\_\_\_\_\_  
Signature of Owner Representative

\_\_\_\_\_  
Signature of Authorized Representative

By Its: \_\_\_\_\_  
(Pastor, Administrator, Principal, etc.)

\_\_\_\_\_  
Print Name of Authorized Person signing

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# Diocese of Des Moines

## Buildings and Grounds Volunteer Worker Agreement

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We want to thank you for your offer to volunteer. We have the responsibility to advise you of the constraints under which you volunteer.

The volunteer acknowledges and agrees that he/she will only engage in activities for which he/she either has the requisite knowledge, or will be given the necessary knowledge, prior to starting the activity. The volunteer further agrees that he/she will participate only if in good health to do so and agrees to not perform any activity that he/she feels is unsafe.

The volunteer understands that he/she has no authority to represent the parish/school or the Diocese of Des Moines in dealing with any other person, business, or firm, and will not attempt to act as contracting agent of the parish/school or the Diocese. The volunteer further acknowledges that he/she is not entitled to any wages, reimbursements, or benefits from the volunteer work, including without limitation, worker's compensation, unemployment benefits, medical and overtime.

The volunteer agrees to indemnify and hold harmless the parish or school and the Diocese of Des Moines for any claim, liability, or expense arising from any contractual liability incurred or alleged to have been incurred by the volunteer.

The volunteer realizes that he/she could be injured in the performance of his/her volunteer duties and understands that he/she will need to first submit all medical claims to his/her own insurance provider before submitting any unpaid medical costs through the parish's/school's Volunteer Accident policy for possible coverage.

If there are any unpaid medical bills resulting from an accident after the volunteer's insurance policy and the parish's/school's Volunteer Accident policy have processed submitted claims, the volunteer agrees to be responsible for any remaining payments and releases the parish/school and the Diocese from all claims, demands, or causes of action arising therefrom.

This Agreement is valid until terminated in writing by any of the signers below.

\_\_\_\_\_  
Pastor/Authorized Signer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Volunteer Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Parent/Guardian Signature if Volunteer is a Minor

\_\_\_\_\_  
Date

## Facility Usage/Indemnity Agreement

---

*This Facility is owned and maintained by the Roman Catholic Church of this community. As such the Facility User will agree to respect our faith and policies of the Diocese, and will not knowingly or intentionally use the facility in a way that is in conflict with the teachings or policies of the Catholic Church.*

*The use of a parish, school or institutional facility shall not be granted to any individual, group or organization, whether parishioners or non-parishioners: whose purpose, tenets, acts or omissions, or objective contradict the faith and morals of the Catholic Church or the policies of the Diocese of Des Moines, as determined by the Bishop of the Diocese of Des Moines.*

PARISH/SCHOOL: \_\_\_\_\_

PARISH/SCHOOL is understood to include the Diocese of Des Moines.

FACILITY USER: \_\_\_\_\_

DATES OF FACILITY USAGE: \_\_\_\_\_

TYPE OF FACILITY USAGE: \_\_\_\_\_

The above named FACILITY USER understands and accepts that there is a risk of possible exposure to and illness from infectious diseases including but not limited to the COVID-19 virus during the use of PARISH/SCHOOL. FACILITY USER agrees to follow diocesan protocols and CDC guidance to assist in lowering the risk of said exposure. Further, FACILITY USER understands and accepts the potential risk of exposure to or illness from an infectious disease from contact at this PARISH/SCHOOL and agrees to protect, defend, hold harmless and fully indemnify the above-named PARISH/SCHOOL and Diocese from said contraction.

The above named FACILITY USER agrees to defend, protect, indemnify and hold harmless the above named PARISH/SCHOOL against and from all claims arising from the negligence or fault of the above named FACILITY USER or any of its agents, family members, officers, volunteers, helpers, partners, organizational members or associates which arise out of the above identified FACILITY USAGE at the above named PARISH/SCHOOL.

FACILITY USER agrees to provide a certificate of insurance to the PARISH/SCHOOL, which provides evidence of general liability coverage of not less than one million dollars (\$1,000,000) per occurrence. FACILITY USER also agrees to have the PARISH/SCHOOL named as an "Additional Insured" on its general liability policy for the DATE(S) OF FACILITY USAGE in relationship to the TYPE OF FACILITY USAGE for claims which arise out of FACILITY USER'S operations or are brought against the PARISH/SCHOOL by FACILITY USERS' employees, agents, partners, family members, students, customers, function attendees, guests, invitees, organizational members or associates. FACILITY USER also agrees to ensure that its liability insurance policy will be primary in the event of a covered claim or cause of action against PARISH/SCHOOL.



If FACILITY USER fails to comply with the above (third) paragraph, then the above named FACILITY USER agrees to protect, defend, hold harmless and fully indemnify the above named PARISH/SCHOOL for any claim or cause of action whatsoever arising out of or related to the usage which takes place during the above identified DATE(S) OF FACILITY USAGE that is brought against the PARISH/SCHOOL by the above named FACILITY USER or its employees, agents, partners, family members, students, customers, function attendees, guests, invitees, organizational members or associates, even if such claim arises from the alleged negligence of the PARISH/SCHOOL, its employees or agents, or the negligence of any other individual or organization. This paragraph does not relieve FACILITY USER's responsibility to comply with the above (third) paragraph.

If any sentence or paragraph of this agreement is held invalid, it is agreed that the balance thereof, shall continue in full legal force and effect.

SIGNED BY: \_\_\_\_\_  
(Must be an official agent of FACILITY USER)

NAME (please print): \_\_\_\_\_

DATE: \_\_\_\_\_

## Volunteer Driver Application Form

We greatly appreciate your interest in assisting us to meet our transportation needs. Responsible risk management dictates that we ask our volunteer drivers to answer the following questions. Thank you for your understanding and cooperation.

Name: _____
Address: _____
City/State/Zip: _____
Telephone: _____ Date of Birth: _____
Email: _____
Driver's License Number: _____
State of Issue: _____ Expiration Date: _____

<b>Have you had any of the following citations or convictions in the past THREE years?</b>		
	<b>YES</b>	<b>NO</b>
Driving under the influence of alcohol or drugs	_____	_____
Hit and run	_____	_____
Failure to report an accident	_____	_____
Negligent homicide arising out of the use of a motor vehicle	_____	_____
Using a motor vehicle for the commission of a felony	_____	_____
Permitting an unlicensed person to drive	_____	_____
Reckless driving	_____	_____
Three moving violations or accidents in the last three years	_____	_____
Are you currently taking any medication that may make you drowsy? <b>YES NO</b>		

**It is expected that all passengers will adhere to Iowa Safety belt laws and regulations.**

I certify that the information given above is true and complete to the best of my knowledge. I agree that I will refrain from using a cell phone or any other electronic device while operating a vehicle on behalf of the Church.

\_\_\_\_\_  
Volunteer Signature

\_\_\_\_\_  
Date

RETAIN THIS FORM ON FILE FOR A MINIMUM OF THREE YEARS

## Private Vehicle Application Form

---

We greatly appreciate your interest in assisting us to meet our transportation needs. Responsible risk management dictates that we ask you to answer the following questions. Thank you for your understanding and cooperation.

Owner's Name: _____
Address: _____
City/State/Zip: _____
Vehicle Year/Make/Model: _____
Vehicle Identification Number: _____
License Plate #: _____

Automobile Insurance Company: _____
Agent's Name: _____
Address: _____
City/State/Zip: _____
Telephone: _____

**PLEASE BE AWARE: In case of an accident, the insurance on this vehicle will be the primary coverage. The vehicle must be insured for the minimum liability limits of: \$100,000/\$300,000.**

**It is expected that all passengers will adhere to the Iowa safety belt laws and regulations. It is the driver's responsibility to ensure this.**

I certify that the information given above is true and complete and that to the best of my knowledge the vehicle is currently in a safe operating condition. I agree to maintain insurance coverage for the liability limits stated above. I agree to notify you if any of the information changes.

# Vehicle Accident Report

Vehicle \_\_\_\_\_  
Year Make Model

Vehicle Id Number: \_\_\_\_\_

<b>Accident Information</b>	Date: _____ Time: _____ City: _____ State: _____ Street location: _____ Description: _____ _____ Use reverse side if necessary.
<b>Other Vehicle</b>	Year/Make/Model: _____ License plate #: _____ State: _____ Owner's name and address: _____ Driver's name and address: _____ Driver's license #: _____ State: _____ Expiration date: _____ Relationship to owner: _____ Description of damage: _____ _____ Insurance company: _____ Phone #: _____ Policy #: _____ Expiration date: _____
<b>Injuries</b>	Name _____ Address _____ Extent of injuries _____ Use the reverse side if necessary.
<b>Witness/Passengers</b>	Name _____ Address _____ Extent of injuries _____ Use the reverse side if necessary.
<b>Other Property Damage</b>	Owners Name _____ Address _____ Extent of Damage _____ Use the reverse side if necessary.

USE REVERSE SIDE TO PROVIDE A DIAGRAM OF THE SCENE ⇔ ⇔

Signature \_\_\_\_\_ Date \_\_\_\_\_

RETAIN THIS FORM ON FILE FOR A MINIMUM OF 7 YEARS FROM THE ACCIDENT

## Legal Consultation Form: Diocesan Matters

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### DIOCESE OF DES MOINES

Name \_\_\_\_\_

Department \_\_\_\_\_

Phone \_\_\_\_\_

Email \_\_\_\_\_

Without disclosing any confidential information, briefly describe the matter(s) which you would like to discuss with the attorney:

---

---

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---

At whose request is legal consultation being sought in this matter?

---

---

Which cost center will be charged for this consultation?

---

---

Please name any other parties involved in the matter:

---

---

What would you like to accomplish as a result of seeking legal services?

---

---

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***For Internal Use Only***

Date Received \_\_\_\_\_ Log # \_\_\_\_\_

Approval \_\_\_\_\_ Date Approved \_\_\_\_\_

# Legal Consultation Form: Parishes, Schools & Other Institutions

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## DIOCESE OF DES MOINES

Name \_\_\_\_\_

Organization \_\_\_\_\_

Address \_\_\_\_\_

City, State Zip \_\_\_\_\_

Phone \_\_\_\_\_

Email \_\_\_\_\_

Best time to call \_\_\_\_\_

Without disclosing any confidential information, briefly describe the matter(s) which you would like to discuss with the attorney: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

At whose request is legal consultation being sought in this matter?

\_\_\_\_\_  
\_\_\_\_\_

Please name any other parties involved in the matter:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

What would you like to accomplish as a result of seeking legal services?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

***For Internal Use Only***

Date Received \_\_\_\_\_ Log # \_\_\_\_\_

Approval \_\_\_\_\_ Date Approved \_\_\_\_\_

## Internal Control Questionnaire (ICQ) for Parish/School Internal Reviews

<b>A. Finance Council</b>	
1	The Finance Council meets at least four times a year.
2	Minutes are kept of those meetings on file in the parish office.
3	The Finance Council receives the following statements for review:
	A. ParishSOFT Accounting's Statement of Financial Position with Last Year's YTD and Current YTD balances
	B. ParishSOFT Accounting's (CNA) Statement of Activities with Current YTD, Last Year YTD, and Budget variances.
4	At least one Finance Council member has "read only" access to CNA.
5	There are at least 5 Finance Council members.
6	Recent financial information, approved by the Finance Council, was made available to all parishioners/parents.
7	A copy of the financial statements shared with parishioners/parents is attached.
<b>B. Financial Institution Statements</b>	
1	All statements are sent directly or are available electronically, to Pastor, or his designee who has no recording duties, unopened.
2	Pastor, or his designee, reviews statements for propriety, then signs and dates before giving to staff, or sends an email indicating s/he has completed her/his review.
3	Check images are received with all statements and reviewed.
4	Pastor is a signer on all financial institution accounts.
5	There is a policy to have a second signer on checks over a certain dollar limit.
	A. That limit is
7	All financial institution statements are reconciled on a timely basis (within 14-30 days).
8	The preparer, or bookkeeper, verifies that the Mass Collection count sheets match what is recorded in the general ledger.
9	The preparer signs and dates the reconciliation when it is completed.
10	The reviewer signs and dates the reconciliation indicating his/her review.
<b>C. Fixed Assets</b>	
1	Parish has properly recorded asset-related expenses such as fixed assets, building improvements, or repair and maintenance expenses.
	A. Dollar level for capitalizing fixed assets is

	In the last 12 months:
2	A. All building projects $\geq$ \$50,000 were reviewed by the Diocesan Building Commission
	B. All building projects $\geq$ \$25,000 received Bishop's proxy (approval).
	C. All sale of fixed assets $\geq$ \$25,000 were approved by Bishop Pates.
	D. All contracts related to building/renovation projects in the last 12 months have been reviewed by Norm Bormann.
3	There is construction or renovation activity going on right now. If False, go to section D.
	A. What project(s)?
	B. What amount(s)?
<b>D.</b>	<b>Loans and Notes Payable</b>
1	The parish/school has debt. If False, record and go to section E.
2	The debt is recorded on the Statement of Financial Position (SOFP)
	A. If not on SOFP, who holds the debt?
	B. Amount?
<b>E.</b>	<b>Separation of Duties (Excluding Tuition/School Fees)</b>
1	Person(s) who receive monies at the parish (excluding auxiliary groups):
2	Person(s) with access to keys/safes/tamper-resistant bags which safe keep un-deposited funds:
3	Person(s) who deposit monies:
4	Person(s) who authorize disbursements:
5	Persons who can sign checks:
6	Persons authorized to withdraw from investments:
7	Persons authorized to wire money:
	A. Two persons are required to authorize any electronic disbursements/transfers of money.
8	Person(s) who records transactions in general ledger:
9	Who processes payroll?
	A. Who reviews payroll? Documented? Yes or No
10	Person(s) who records tithes/donations in ParishSOFT Family Suites:
	A. Those who record transactions do not participate in Mass collection counts or have access to significant cash receipts/deposits
	B. Preparer of year-end contribution statements:
11	Preparer of bank reconciliations:
12	Reviewer of bank reconciliations:
13	The bank reconciliation preparer and reviewer are two different people.
14	The reviewer does not record related transactions in the general ledger.



15	The reviewer is not a subordinate of the preparer.
16	Preparer of investment reconciliations:
17	Reviewer of investment reconciliations:
18	The investment reconciliation preparer and reviewer are two different people.
19	The investment recon reviewer does not record related transactions in the general ledger.
20	The investment recon reviewer is not a subordinate of the preparer.
<b>F.</b>	<b>Mass Collections</b>
1	Pre-numbered tamper-resistant bags are pre-assigned and used for all Mass collections.
2	Access to the bags is limited to the person(s) who assigns the bags. A. Who assigns the bags
3	A locking bank bag is used for all Mass collections. A. Describe how keys to bank bag are secured:
4	Any temporary storage area for Mass collections is adequately secured.
5	There are at least two unrelated counters present while money is counted.
6	Count teams rotate periodically.
7	A log is maintained of all the tamper-resistant bags assigned and used.
8	Counters verify whether the bags they count were the bags assigned. A. Counters indicate this verification by signing the log in the appropriate place. B. There is a place on the log to note if the bag numbers do not match C. If the bag numbers do not match, Pastor, or his designee, would be notified quickly.
9	All counters sign the count sheets.
10	Payments are never cashed out of offertory receipts
11	Checks are immediately endorsed "For Deposit Only" with the parish account number.
12	A deposit slip in triplicate is prepared. One copy attaches to the count sheet, one goes with the bank deposit, and one stays in the deposit book.
13	A tamper-resistant bag or a locking bank bag is used to transport all deposits. A. The bank is aware that there should be a tamper-resistant bag or locked bank bag.
<b>G.</b>	<b>ParishSOFT Family Suites Reporting</b>
1	ParishSOFT Family Suites is used to record individual tithes. A. Passwords are required to gain access.
2	All tithes, loose checks, and coins are recorded in Family Suites within 14 days.
3	Count sheets are reconciled to the weekly Family Suites totals.
4	Family Suites totals are reconciled to the general ledger.

<b>H.</b>	<b>Electronic Receipts/Disbursements</b>	
	1	The parish/school banks online (even just viewing balances).
	2	Online banking activity is done on a computer with no other internet-related activity. A. This computer is password protected.
	3	ACH deposits are accepted. A. The ACH file is uploaded via the bank's website. B. The computer used to upload the ACH file to the bank is not used for any non-bank internet activity. C. The computer file(s) with bank information is password protected.
	4	Credit card payments are accepted from parishioners, parents, or donors. A. Only the last 4 digits of credit card numbers are stored, if stored at all.
	5	ACH disbursements (excluding payroll tax and benefit payments) are made. If False go to section I. A. The ACH file is uploaded to the banks website by the parish/school. If False, go to section I. B. The computer used to upload the ACH file is not used for any non-bank internet activity.
<b>I.</b>	<b>Cash Disbursements</b>	
	1	Blank checks are secured from unauthorized access.
	2	All blank checks are pre-numbered by the check vendor.
	3	Blank checks are never signed and left to fill in later.
	4	Appropriate supporting documentation is attached to each check when it is presented to the check signer for his/her review and signature
	5	The signer reviews the supporting documentation prior to signing each check.
	6	Invoices are marked "Paid" or cancelled with a check # and date.
<b>J.</b>	<b>Credit/Store Cards</b>	
	1	The parish/school has a credit/store card (If no, move to section K)
	2	Access to the cards is limited to those authorized by the pastor or Principal and Finance Council.
	3	Policy is for receipts to be turned into the business office within a short period of time. A. Receipts note the purpose of the purchase and are signed by the purchaser.
	4	Receipts are reconciled to the monthly statement when received.
	5	The pastor/principal or a designated agent reviews and approves credit card statements. A. No one reviews his/her own charges.
	6	Credit cards are kept secured from unauthorized use.
	7	No one is authorized to use the card for to withdraw cash.

8	The credit limit has not been exceeded in the past 12 months.
9	The balance is paid in full each month.
10	Personal employee purchases are not allowed on a parish/school owned credit/store card
<b>K.</b>	<b>Fundraisers</b>
	For all major fundraisers (major=weekend Mass collection or > than \$5,000):
1	A. At least two unrelated people are always present when money is counted.
	B. Tamper-resistant bags are used to secure collected money.
2	A Gambling license was obtained for all raffles and bingo games during the year.
3	A sales tax permit was acquired before any gambling (raffles, bingo) activity began.
	For distributed winnings ≥ \$600:
4	A. W2-Gs were prepared in accordance with federal law.
	B. Appropriate federal and state withholding were remitted.
5	Sales taxes related to gross receipts were filed on a timely basis with the state.
6	An annual gambling report was/will be filed with the state.
<b>L.</b>	<b>Certain Governmental Areas</b>
	Your parish/school prepares W-2s at the end of the year.
	The following forms are maintained on each employee:
1	A. I-9 (in a separate file)
	B. Federal W-4 (If Exempt, must have new W-4 signed each year)
	C. State W-4 (If Exempt, must have new W-4 signed each year)
2	The parish/school does not withhold or remit social security tax on priests or deacons.
3	All federal and state withholding reports and payments have been filed on time for the past four quarters
	A. Pastor or, per Articles of Incorporation, a trustee or officer signs the 941s.
4	This parish/school matches 50% up to 8% of an employee's pay for employees who work 20 or more hours a week:
5	Appropriate 1099s are mailed each year and a file of submitted 1099s is maintained.
6	Appropriate sales/use taxes are filed with the state of Iowa at least once a year.
7	Parish is aware that year-end contribution statements must have certain wording to be considered an appropriate acknowledgment for IRS purposes.
8	At a minimum, single contributions ≥ \$250 are individually recognized on the year-end contribution statement.

**THE REMAINING SECTIONS ARE FOR SCHOOLS ONLY**

**M. Separation of Duties - Tuition/School Fees**

The position/persons(s) that usually perform the following:

1	Receives tuition payments:
2	Counts tuition receipts:
3	Person(s) with access to the keys/safes/tamper-resistant bags, which safe keep un-deposited funds:
4	Prepares deposit slips:
5	Deposits tuition receipts:
6	Records payments in students' accounts:
7	Those who record payments in student accounts do not have access to un-deposited tuition or school fee monies

**N. Tuition Receivables**

1	An accurate detailed listing of tuition receivables exists, including a grand total.
2	There is a 30-60-90 days and older aging tuition receivable listing available. A. This aging is shared with the finance council when they meet.
3	As of (date)_____ the % of tuition receivables which is 30 days or less = _____%
	As of (date)_____ the % of tuition receivables which is 31-60 days = _____%
	As of (date)_____ the % of tuition receivables which is 61-90 days = _____%
	As of (date)_____ the % of tuition receivables which is > 90 days = _____%
4	Tamper-resistant bags are used to secure tuition/fee receipts until the money is counted.
5	Tamper-resistant bags are pre-assigned and a log maintained of their usage.
6	Person(s) who assigns the bags and reviews the log for completeness:
7	Counters verify whether the bags they count were the bags assigned.
	A. Counters indicate this verification by signing the log in the appropriate place.
	B. There is a place on the log to note if the bag numbers do not match.
	C. If the bag numbers do not match, the principal, or designee, would be quickly notified.
8	All counters sign the count sheets.
9	At least two unrelated people are involved in the counting of tuition/fee receipts.
10	A deposit slip in triplicate is prepared. One copy attaches to the count sheet, one goes with the bank deposit, and one stays in the deposit book.
11	A tamper-resistant bag or a locking bank bag is used to transport all deposits.
	A. The bank is aware that there should be a tamper-resistant bag or locked bank bag.

O.

Scrip	
1	The school sells scrip. If False, you are done with this section.
	A. Scrip inventory is reflected on the parish/school's Statement of Financial Position.
	1) Scrip inventory adjustments are recorded monthly
	2) As of (date)            the scrip balance is \$
	B. Scrip sales are recorded monthly on the Statement of Activities.
2	Two people are always present when scrip is not in its secured location.
3	Scrip is counted at least weekly by two people and compared to inventory records.
4	A written scrip agreement exists between the school/parish and the participants that allows the participant to choose how the rebates will be allocated,
	A. One of the agreement options includes a cash back option.
5	Scrip is sent home with children <b>only if</b> written consent is provided.

## Sample Priest Housing Letter

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### Compensation for Clergy on the [Parish Name] Payroll

Calendar Year 20XX

Compensation for Father [First Last] will be paid in calendar year 20XX in accordance with the Diocese of Des Moines Priest Compensation Letter.

Father Michael J. Fox also will be provided free housing, with an estimated fair market value of \$X,XXX per month.

Approved by the [Parish Name] Finance Council on MM/DD/YYYY.

Jane Doe

[Parish Name] Finance Council Chair

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