



Financial Policies and Procedures

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Table of Contents

Accounting Systems	4
Alcoholic Beverages	5
Assessments – Parish.....	9
Assessment - Regional School	12
Audit Committee	14
Automobile/Vehicle Ownership.....	15
Bank Accounts/Bank Reconciliations	19
Benefits for Employees.....	20
Budget Planning	21
Charitable Gaming.....	22
Collections	26
Conflict of Interest.....	28
Contributions	31
Disbursements.....	33
Endowments	36
Extraordinary Expenditures.....	37
Finance Council.....	38
Fraud - Report of Suspected	41
Fundraising and Scrip Programs	44
Gifts	46
Grants and Subsidies.....	47
Imprest Accounts for Parish or School Organizations	48
Insurance Coverage	50
Internal Control.....	52
Investments.....	54
Loans	56
Mass Stipends	57
New Parishes/Merged Parishes.....	59
Organizations and Clubs	60

Payroll Issues	62
Personnel Files	63
Personnel Policies.....	64
Petty Cash/Cash Drawer	65
Political Campaign Activities at Archdiocesan Facilities.....	66
Postage.....	67
Property/Depreciation - Parish or School.....	68
Real Estate Transactions – Rental/Purchase	70
Receipts.....	71
Record Retention.....	74
Renovations/New Construction	76
Reporting Requirements.....	81
Sales Tax	83
Special Collections.....	85
Stock	90
Travel and Out-of-Pocket Expense Reimbursements.	91
Tuition/Tithing.....	92
Tutoring (School) at Archdiocesan Facilities.....	93

ACCOUNTING SYSTEMS

To provide a uniform method of accounting for the resources entrusted to the parish or school; the Archdiocese endorses and supports the PDS Ledger software system. Parishes or schools should have the most current version of the PDS Ledger software and a maintenance support agreement in effect.

Parishes can use the cash or accrual basis accounting method. However, we highly recommend that parish schools use the accrual basis accounting method for recognizing school salary expense, tuition, and pre-registration, as these income and expense items should be reflected in the appropriate school year.

For disaster recovery purposes, PDS software should be backed up on a daily basis. The backup should be stored in a fire resistant cabinet or safe. A second copy should be stored off-site or with an online vendor.

Parish should follow the centralized Chart of Accounts and department numbers.

Please refer to *Appendix- Accounting for Chart of Accounts and Glossary of Basic Accounting Terms.*

ALCOHOLIC BEVERAGES

Archdiocesan Policy

Archdiocesan Alcoholic Beverages policy is based upon our moral and legal responsibilities to those who attend parish, school or organization events where alcohol is served. This policy requires parishes, schools or organizations to strictly enforce all legal alcohol beverage control requirements. There should be no tolerance of underage drinking on the part of anyone working for or representing the parish, school or organization. In addition, the following actions are required for all parishes, schools or organizations with **any permanent and/or temporary type of liquor license allowing them to serve or sell alcohol at parish, school or organization events**:

- At each parish, school or organization function, the pastor, administrator, or his designate must make certain that all policies are followed.
- No alcoholic beverages can be served at elementary school, secondary school, or parish youth athletic events.
- All Bartenders and Event Coordinators of any parish, school or organization event at which alcoholic beverages are served must participate in an Alcohol Awareness Training Program. This training will cover how to recognize false IDs, current laws about alcohol sales to minors or to those who are drunk or disorderly, and strategies for enforcing the law. Materials from the program, including a video of the presentation, will be made available so that those who attend can repeat the workshop at their own parish or location for all bartenders.
- Persons who serve or sell alcohol must be at least 21 years of age.
- If beer tickets are utilized, parishes, schools or organizations must check identification at two points: when tickets are sold and when the beer is served, unless at the ticket point secure bracelets are issued.
- The sales area must contain adequate lighting so that the beer sellers can properly check IDs.
- If a parish, school or organization event exceeds four hours in duration, parishes, schools or organizations must stop dispensing all beer and/or alcoholic beverages one hour before the end of the event. Advertisements for parish, school or organization events must include a posted closing time.
- Parishes, schools or organizations must make telephones available and post signs advertising taxi services for anyone who is too intoxicated to drive home. Parishes, schools or organizations also must post signs prohibiting alcohol and/or glass containers from being carried onto parish, school or organization grounds.
- Parishes, schools or organizations must provide adequate security when alcohol is being dispensed. Security should be based upon expected attendance.

- Individuals are prohibited to bring alcoholic beverages for private consumption onto the premises at any parish, school, or organization sponsored event.
- Alcohol availability should never be the main emphasis of any advertisement for any parish, school or organization function.
- Events where alcoholic beverages are sold or served may not feature “happy hours” or multiple drinks for the price of one specials.
- Private party events must conform to the requirements of insurance set forth in the Insurance Coverage section.

Guidelines for parish, school or organization picnics, festivals or carnival type events:

In addition to conforming to the above, any parish, school or organization that sells alcohol at a picnic, festival or carnival type event should also adhere to the following:

- Parishes, schools or organizations should limit access to parish, school or organization event grounds and should use fencing and security officers to enforce these points of access. This action is recommended for the following reasons:
 - Limited points of entry allow parishes, schools or organizations to check for alcohol being carried onto the grounds.
 - The sobriety of attendees can be checked upon their arrival and departure.
 - Parishes, schools or organizations can check for persons entering with glass containers.
 - Parishes, schools or organizations can alert security officers of potential Gang attendance. Gang presence and activity must not be tolerated on parish, school or organization property.
- Based upon discussions with law enforcement officials, parishes, schools or organizations are strongly recommended to limit alcohol consumption to a “beer garden” area.
- The sale of food should start before the sale of alcohol.
- If there is any incident on parish, school or organization property involving or related to alcohol, notify the Chancery.
- Parishes, schools or organizations should consider eliminating the sale of beer tickets at parish, school or organization sponsored events. This recommendation is made for several reasons:
 - Servers have the ability to check sobriety when they exchange money.
 - When servers are responsible for exchanging money, they are more directly reminded of their liability for selling to a minor or to someone who is intoxicated.
 - Use of tickets does not eliminate bartenders’ legal liabilities for serving to minors or to someone who is intoxicated.

- Parishes, schools or organizations sponsoring festivals or other events that could create major traffic problems must anticipate and take steps to alleviate these problems.

The above guidelines are in addition to liquor laws established by state and local ordinances.

Legal Requirements of Parishes, Schools or Organizations:

Based upon federal and state laws, all parishes, schools or organizations with any type of liquor license allowing them to serve or sell alcohol at picnics, festivals, or any parish, school or organization event must observe the following:

- Alcoholic beverages may never be sold without the proper license from the city or county and the state. In addition, alcoholic beverages may never be given to the public or raffled off. A special temporary liquor and wine auction license may be obtained from both the city and state in order to offer liquor or wine as auction items.
- Parishes, schools or organizations with a permanent license (renewed annually) are restricted to selling the type of alcoholic beverage on the license.
- Parishes, schools or organizations with a permanent license (renewed annually) that allow renters or private parties to serve alcoholic beverages must purchase them from the licensed parish, school or organization at no less than the cost of the beverages. Renters or private parties are not allowed to bring alcoholic beverages onto the premises of parishes, schools or organizations that hold a permanent license.
- A parish, school or organization without a permanent license is not restricted in allowing parish, school, organizations, renters or private parties to have someone who has attended the Alcohol Awareness Training Session (provided by the Archdiocese of Louisville in conjunction with The Alcohol Beverage Control Commission) serve alcoholic beverages.
- Parishes, schools or organizations without a permanent license may not sell alcoholic beverages. However, they may obtain a temporary license for a single event. A temporary license must be obtained for each event, i.e. each fish fry during Lent. A license must be obtained for each date.
- All ABC licensees must purchase their alcohol only from a Kentucky Beer Distributor or Kentucky Liquor Wholesaler.
- Alcoholic beverages may not be delivered or picked up before or after dates on temporary license. Make sure you add the appropriate days to the license to accommodate delivery and pickup
- Licensees must pay at least cost for any products received from the wholesalers, distributors, brewers, distillers, or suppliers. (Examples of these products include cups, napkins, liquor, umbrellas, hats, etc.) Licensees may not accept anything of value from an alcohol distributor or wholesaler.

- Parishes, schools or organizations must post warning signs of the danger of alcohol to pregnant women and their unborn children and no service to persons under 21.
- Alcohol may only be purchased by and served to adults 21 years of age and over. Beer servers must check for identification when beer is requested from someone who appears to be even remotely underage. Further, no person under the age of 21 may attempt to receive, possess, or drink alcoholic beverages. The parish, school or organization and its employees, agents, volunteers, workers, and the minor can all be held responsible for these violations.
- Alcohol must not be served to someone who appears to be intoxicated.
- Open containers of alcohol may never be carried on to or off licensed premises.
- Every precaution should be made to see that alcohol of any type not be brought onto premises of any parish, school or organization event at which alcohol is served.

Legal Requirements of the Alcohol Distributor:

- Beer must be paid for before or at the time of delivery.
- Alcoholic beverages may not be delivered or picked up before or after dates on temporary license.
- Unused or unwanted alcohol may not be returned to a wholesaler or distributor.
- Distributors and wholesalers may never give licensees free alcohol.
- Alcohol distributors and wholesalers may never give anything of value to a licensee (directly or indirectly) in exchange for selling their product.
- Draft beer equipment may be loaned free of charge to a holder of a temporary beer license. Holders of permanent retail beer licenses must pay the distributor a fee for using draft beer equipment.

See Appendix – Accounting Sample Forms/ Reports for the Alcohol FAQ Serving at Parish Events.

ASSESSMENTS - PARISH

The Christian faithful are obliged to assist with the needs of the Church so that the Church has what is necessary for divine worship, for the works of the apostolate and of charity, and for the decent support of ministers (Canon 222 §1). It is for the diocesan bishop, therefore, to admonish the faithful of this obligation by encouraging appeals and by instituting a moderate tax/assessment for the needs of the diocese (cf. Canon 1261, 1263). After consultation with the Priest Council and Finance Council of the Archdiocese, and upon their recommendation, the Archbishop has enacted the following policy:

1. Catholic Services Appeal

“The faithful are to give support to the Church by responding to appeals and according to the norms issued by the conference of bishops” (C. 1262).

The annual appeal is conducted to raise free will support for the ministries of the Archdiocese of Louisville. Suggested goals are recommended for each parish as a means of encouraging the voluntary participation of the faithful in the appeal.

2. Ordinary Assessment

“After the diocesan bishop has heard the finance council and the presbyteral council, he has the right to impose a moderate tax for the needs of the diocese upon public juridic persons subject to his governance...” (C. 1263)

The ordinary assessment enacted by the Archbishop is intended to provide funds to carry on the foreseeable needs of the Church in the Archdiocese of Louisville. The dollars generated from the ordinary assessment are used to support the ministries of the Archdiocese of Louisville, including the regular operating expenses of the diocesan curia, and other Church-related organizations present in the Archdiocese. Upon consultation of the Priest Council and Finance Council of the archdiocese, the rate of the assessment has been established at 4% of assessable parish income.

Included in the Ordinary Assessment, two additional elements have been established to support specific archdiocesan needs:

The Record

The archdiocesan newspaper *The Record* is an important means of communication. It is important that it be delivered to every registered household. Therefore, each parish is assessed 1.16% of gross assessable income in order to achieve this goal.

Clergy Pension

The Christian faithful are obliged to provide for the decent support of ministers (C. 222 §1), and provision should be made so that priests possess the assistance to suitably provide for their needs (C. 281 §§1-2). This assessment addresses the need to provide funds for the support of retired priests. The monies collected by this assessment are kept in a restricted account, used only to help fund clergy retirement benefits. This assessment rate is established at .84% of gross assessable income.

In calculating the total amount of the assessment, it is necessary to take each respective percentage multiplied by gross parish income. "Gross parish income" is to be defined as all of the revenue taken in by a parish, including parish organizations and school tuition that is subject to assessment. A list of parish income not subject to assessments includes:

- Special Diocesan Collections
Since these collections are collected at the parish level, but mailed directly to the Archdiocese, they are not included in the parish gross income. Both the manual and computer bookkeeping systems provide accounts that subtract these collections before computing gross income. (A list of Special Collections is provided under the policy entitled "Special Collections.")
- Parish Fund Raising Events
Only the "net" income (i.e., income after expenses) from parish fund raising events is reported as assessable income. This includes events such as parish picnics, fall festivals, bingo sessions, and special fund raising events sponsored by parish organizations such as card parties, dances or candy drives. It does not include income generated from the rental of ball fields, concession stands, organization dues, etc. Net fund raising accounts are provided on both the manual and computer bookkeeping systems.
- Building a Future of Hope Campaign Contributions
Contributions received by each parish or the Archdiocese of Louisville for the Building a Future of Hope campaign are not included in the parish assessment calculation.
- Mass Intention Offerings
Mass offerings are not considered parish income subject to the assessment calculation.
- USDA Reimbursement
Reimbursements received for the Federal breakfast and lunch program.
- Grants & Subsidies
Archdiocesan grants and subsidies are not included in the parish assessment calculation.
- Insurance Expense Recoveries
Insurance expense recoveries are not included in the parish assessment calculation.
- Interest from Funds on Deposit with the Archdiocese
Interest earned on funds on deposit in the Archdiocesan Deposit & Loan Fund is not included in the parish assessment calculation.
- Sales of Land or Real Estate
Gross proceeds from the sale of parish owned land or real property is not included in the parish assessment calculation.

All other parish income is considered assessable income, including, but not limited to the following:

- Collections and tuition, including tuition collected by a parish and paid to a consolidated or regional school or another parish on behalf of the parish or family. (However, payments received by a parish from another parish are not included and therefore are not assessed a second time.)
- Building drives
- Bequests and special gifts (bequests or gifts of land or other non-cash items are not assessable income; proceeds from the sale of these items is subject to assessment)
- Book fees
- Cafeteria income (USDA reimbursement will be non assessable)
- Investment and interest income
- Rental income
- Endowment Campaigns

While the above does not include every form of income a parish may receive, the parish is expected not to look for loopholes, but to consider the intent of the policy and record income in the spirit of the policy.

The parish will compute assessments for the next fiscal year based on parish financial statements for the preceding fiscal year. For example, assessments to be paid during fiscal year ending June 30, 2014 will be based on fiscal year ending June 30, 2013 financial reports. See Appendix for Assessment Worksheet. This worksheet is due with the year-end, June 30th financials no later than August 15th.

Parishes experiencing financial difficulties should consider paying assessments monthly instead of quarterly. If the parish is unable to pay their assessments the pastor must notify the Archbishop in writing stating the reason why the parish is unable to pay. In addition, parish needs to submit a written plan to the Chief Financial Officer on corrective action to be taken to be in compliance.

Assessments are billed quarterly at the beginning of each fiscal quarter. Parishes are required to pay their assessments within 90 days of billing.

Exceptions to this policy must be requested in writing to the Chief Financial Officer.

Payments to the Archdiocese for assessments should be accompanied with the Transmittal Form for Parish/School Payments see *Appendix - Accounting Sample Forms/Reports*.

ASSESSMENTS – REGIONAL SCHOOL

The Christian faithful are obliged to assist with the needs of the Church so that the Church has what is necessary for divine worship, for the works of the apostolate and of charity, and for the decent support of ministers (Canon 222 §1). It is for the diocesan bishop, therefore, to admonish the faithful of this obligation by encouraging appeals and by instituting a moderate tax/assessment for the needs of the diocese (cf. Canon 1261, 1263). After consultation with the Priest Council and Finance Council of the Archdiocese, and upon their recommendation, the Archbishop has enacted the following policy:

Ordinary Assessment

“After the diocesan bishop has heard the finance council and the presbyteral council, he has the right to impose a moderate tax for the needs of the diocese upon public juridic persons subject to his governance...” (C. 1263)

The ordinary assessment enacted by the Archbishop is intended to provide funds to carry on the foreseeable needs of the Church in the Archdiocese of Louisville. The dollars generated from the ordinary assessment are used to support the ministries of the Archdiocese of Louisville, including the regular operating expenses of the diocesan curia, and other Church-related organizations present in the Archdiocese. Upon consultation of the Priest Council and Finance Council of the Archdiocese, regional schools which are sponsored by parishes (juridic persons) the rate of the assessment has been established at 4% of assessable school income.

The ordinary assessment is determined by taking the appropriate percentage times gross regional school income. Gross regional school income is defined as all of the income taken in by the school, including income taken in by school organizations. The only exceptions to the gross income rule are the following:

- **Regional School Fund Raising Events**
Only the net income (i.e., income after expenses) from regional fund raising events is reported as assessable income. This includes events such as school festivals, bingos, and special fund raising events such as card parties, dances or candy drives sponsored by school organizations. However, it does not include income generated from concession stands, organization dues, etc. as this gross income should be recorded as activity or auxiliary program income.
- **Grants and Subsidies**
Archdiocesan and Catholic Education Foundation grants and tuition assistance awards are not included in the regional school assessment calculation. Subsidies received from supporting parishes are not included in the regional school assessment as they are recorded as income by the supporting parish
- **Insurance Expense Recoveries**
Insurance expense recoveries are not included in the regional school assessment calculation.

- Interest from Funds on Deposit with Archdiocese
Interest earned on funds on deposit in the Archdiocese Deposit and Loan Fund is not included in the regional school assessment calculation.
- The cafeteria USDA reimbursement is not included in the school assessment calculation.

All other regional school income is considered assessable income, including, but not limited to the following;

- Tuition (However, payments received by a regional school from a parish and reported as income by that parish are not included and, therefore, are not assessed a second time.)
- Special Fund Drives
- Bequests and Special Gifts
- Book Fees
- Cafeteria Income (USDA reimbursement is not included)
- Rental Income
- Endowment Campaigns

While the above does not include every form of income a regional school may receive, the regional school is expected not to look for loopholes, but to consider the intent of the policy and record income in the spirit of the policy and following correct accounting principles.

The Regional School will compute assessments based on the regional school financial statements for the preceding year. For example, assessments to be paid during fiscal year ending June 30, 2014 will be based on fiscal year ending June 30, 2013 financial reports. See Appendix for Assessment Worksheet. This worksheet is due with the year-end, June 30th financials no later than August 15th. Schools experiencing financial difficulties should consider paying assessments monthly instead of quarterly.

Assessments are billed quarterly at the beginning of each fiscal quarter. Regional schools are required to pay their assessments within 90 days of the billing. **Payment must be accompanied by a Transmittal Form for Parish/School Payments provided in Appendix – Accounting Sample Forms/Reports.**

Regional schools should have a covenant addendum referring to the Archdiocesan assessment. If a regional school closes, the covenant parishes will be responsible for all financial obligations from the operations of the regional school.

Exceptions to this policy must be requested in writing to the Chief Financial Officer.

AUDIT COMMITTEE

We strongly encourage each parish or school to establish an Audit Committee, which will conduct a formal internal review of parish or school financial records, and internal controls each year. The Committee should be appointed by the Parish Council or School Board, and the appointments ratified by the Pastor or Pastoral Administrator. It should consist of at least three persons. None of these persons should be employees of the parish, school, or individuals who have responsibilities or duties involving the handling of funds or authorizing expenditures at the parish or school. Of the three, two of those persons should be finance oriented and familiar with the activities of the parish or school. One person should be a member of the Parish or School Finance Council.

Small parishes or schools may want to join and form an Audit Committee with a representative from each parish or school. This joint Audit Committee could perform an annual internal review and prepare a report for each parish or school.

The purposes of the Audit Committee are to:

- Ensure that the parish or school is operating in accordance with Archdiocesan Financial Policies and Procedures.
- Ensure internal control procedures are being followed.
- Ensure the accuracy of parish or school financial reports.
- Examine underlying documentation to support the financial statements.
- Recommend any changes the Committee believes appropriate to improve the financial structure and internal control of the parish or school.

The annual internal review by the Committee should be undertaken as soon as possible after the annual financial report has been completed. A written report should be prepared which briefly summarizes the procedures the Committee followed and its findings and recommendations. The report should be reviewed with the pastor or pastoral administrator who should communicate the recommendations to the Parish Council or School Board and Finance Council. Additionally, the report should be submitted to the Archdiocesan Finance Department.

The Archdiocese may also perform audits as deemed appropriate of any parish or school or any of its organizations.

To assist parish audit committees with their annual internal review, the Archdiocese of Louisville Parish Internal Control Questionnaire is provided in *Appendix – Audit*.

AUTOMOBILE/VEHICLE OWNERSHIP OR RENTAL

GUIDELINES FOR USAGE OF 11-15 PASSENGER VANS

The National Transportation Safety board has determined that 11-15 passenger vans have a poor safety record. Therefore, the Archdiocese of Louisville implemented the following policy:

11-15 passenger vans WILL NOT be permitted to be leased, rented, or used for any parish school or archdiocesan function. Please note: that adding or eliminating seats does not alter this policy guideline.

OWNERSHIP

Archdiocesan organizations, parishes, or schools may not own automobiles or other vehicles without prior approval from the Archbishop. Vehicles cannot be purchased or leased in the name of individual priests or staff members.

Requests for purchases of vehicles must be submitted to the Archdiocesan Finance Office and should include the following information:

- Type of vehicle
- Reason for purchase
- Price of vehicle
- Expected use of vehicle
- Insurance coverage information
- Person responsible for the vehicle and records

INSURANCE

The Archdiocese requires minimum insurance coverage of \$500,000 for each of the following:

- Liability
- Uninsured motorist
- Bodily injury
- Underinsured

Archdiocesan organization, parish, or school owned vehicles cannot be borrowed for personal use by anyone -- including the pastor, pastoral administrator, associate pastor, parish or school employees, or volunteers. Vehicles shall remain on parish or school property when not in use.

RENTED AUTOMOBILES/VEHICLES

If any employee or volunteer is driving a rented automobile or vehicle on behalf of an archdiocesan organization, parish, or school, current insurance laws and regulations state the driver is the primary insurance carrier for any accident. If the employee or volunteer driver carries no insurance coverage, the coverage offered by the rental agency must be accepted.

SAFETY

Each employee should become familiar with this policy, especially those who drive vehicles or who are authorized to transport people. Inspection of safety records will become a standard part of the insurance program and subject to review by the Catholic Mutual Risk Manager.

It is strongly recommended that cell phones or other electronic devices not be used while driving.

DRIVER SELECTION AND TRAINING

Care should be exercised in selecting individuals who are required or asked to operate a vehicle on behalf of the parish or school. Accordingly, the following steps should be followed and documented:

All Operators

- All operators of vehicles on behalf of the archdiocese, parish or school must possess a current, valid driver's license for the type of vehicle they will be operating and be at least 21 years of age.
- A commercial drivers license will be required if the following types of vehicles are to be driven:
 - the vehicle's manufacturer's weight rating is over 26,000 pounds, or
 - a vehicle that is designed for 16 or more passengers, including the driver
 - when required by federal or state law
- No one will be allowed to drive on behalf of the archdiocese, parish, or school who has any felony conviction, which involves a motor vehicle.
- No one will be allowed to drive on behalf of the archdiocese, parish, or school who has any of the following citations or convictions in the past three years:
 - operating a vehicle during a period of license suspension, revocation or forfeiture
 - hit and run accident
 - failure to report an accident
 - using a motor vehicle without the owner's authority
 - permitting an unlicensed person to drive
 - reckless driving
 - speed contest, accidents and/or moving violations which total three
 - driving under the influence
- All operators and passengers are expected to adhere to the current Kentucky State safety belt laws and regulations.

- All multi-passengers, archdiocese, parish or school-owned vehicles must be equipped with a first-aid kit.
- Because of new U.S. Department of Transportation regulations, no archdiocese, parish, or school-owned multi-passenger vehicle is to be driven across Kentucky State lines without parish or school approval.

Employee Operators

- All employees who are required by their job responsibilities to operate a vehicle must complete an employment application form.
- A copy of the Motor Vehicle Record (MVR) must be obtained from each state where the applicant has held a valid license.
- Any employed driver who causes an accident in an archdiocese, parish, or school vehicle or is cited for two moving violations within a 12 month period will be required to attend a defensive driving course.

Volunteer Operators

- Must complete a Volunteer Driver's Form if driving on behalf of the archdiocese/parish/school. **A Volunteer Driver's Form is provided in *Appendix – Facility and Property Forms/Agreements*.**
- A statement of driving history must be obtained from all volunteers who are going to drive an archdiocese, parish, or school owned, or their own vehicle to transport people to an archdiocese, parish, or school-sponsored function on behalf of the parish or school.
- Current insurance laws and regulations state that the owner or driver's insurance for a vehicle, no matter its purpose, is the primary insurance carrier for any accident. There is a policy within the archdiocese that could offer additional liability coverage should a claim exceed the limits of the private policy.

Accident Reporting

- Obtain medical assistance at the scene as soon as possible, if needed.
- Contact local police, sheriff or highway patrol authorities as required.
- Driver should make no comment regarding the fault of either party.

- Exchange driver, vehicle and insurance information.
- Report accident/moving violation to the parish or school and to the archdiocese.
- Report accident to insurance company.
- Take pictures of the accident scene. It is recommended that all archdiocese, parish, or school owned vehicles have a disposable camera in the vehicle or a cell phone or other electronic device with the ability to take pictures or video.

BANK ACCOUNTS/RECONCILIATIONS

All parish or school funds must flow through the parish or school general checking account. This includes funds for mass stipends, schools, committees, and organizations such as men's, women's and athletic clubs. The only two exceptions to this policy are charitable gaming and cafeteria funds, which must remain in separate checking accounts because of governmental reporting policies. Parish or school checking accounts and parish or school organization imprest checking accounts must be held in FDIC insured banks. The full amount on deposit must be fully insured by the bank. If the funds are not insured they must be transferred to the Archdiocese Deposit and Loan Fund. Please note checking accounts should be registered in the name of the parish or school, such as "*Parish or School Name General Checking Account*," and for imprest checking accounts "*Parish or School Committee*".

Operating Accounts

To be fiscally responsible it is recommended that a parish maintain a minimum level of 3 months of operating cash in their general parish or school checking account. Any excess operating cash should be transferred to the Archdiocese Deposit and Loan Fund. Additionally, each parish or school may have various savings accounts restricted for specific purposes within the Archdiocese Deposit and Loan Fund.

Imprest Accounts

Parish or school organizations may maintain imprest checking accounts at a specified level; not to exceed one month's operating expenses.

Bank Reconciliations

Bank statements for the parish, school and/or all parish or school organizations (including imprest accounts) should be mailed to the parish or school office and should have a month end closing date. They should be reviewed by someone other than the person doing the bank reconciliation, preferably the pastor or pastoral/school administrator. A copy of the cancelled checks must be attached to the bank statement.

The review consists of verifying signatures on all cancelled checks and endorsements, and ensuring that no deposits are being made to imprest accounts other than the reimbursement check. All electronic transfers to and from the account should be reviewed. The reviewer should sign the bank statement once the review is complete. After this review, the statements should then be forwarded to the appropriate organization/person responsible for reconciling the bank statement.

All bank accounts must be reconciled each month. The PDS Ledgers software includes a program to do this. It is recommended that the bank reconciliations be completed by the middle of the month they are received. The Finance Council should review all bank reconciliations for all checking and imprest checking accounts. This review should be document in their meeting minutes and on the reconciliation.

If possible, the parish or school general account bank reconciliation should not be done by the bookkeeper. However, if limited staff makes it necessary for the bookkeeper to prepare the bank reconciliation, it is highly recommended that the Finance Council review it and document the review in their meeting minutes.

BENEFITS FOR EMPLOYEES

Please refer to the Archdiocese website, Human Resources and Employment, Information for Current Employees for more information regarding parish or school employee benefits. Below is a brief list of some of the documents listed on the website:

- Personnel Policies and Procedures Manual (May, 2009)
- Employee Benefits Program and Summary Plan Description
- Medical and Dental Insurance Packages
- Flexible Spending Account Information (AIM)
- Employee Retirement Summary and Plan Description
- Long-Term and Short-Term Disability Insurance Information

BUDGET PLANNING

All parishes, schools, and parish/school organizations are required to prepare an annual budget. The parish/school budget process has four phases and areas of responsibility:

1. All committees should submit budget requests to the finance council. Organizations should not submit deficit budgets where expenses exceed income.
2. The finance council will study and compile all budget requests. The final budget should be approved by the finance council. They should present the final budget to the pastoral council and/or school council. Approval of the budget should be documented in the meeting minutes. Deficit budgets should be avoided. If the parish or school finance council approves a deficit budget, a letter of explanation as to how the deficit will be funded must accompany the fiscal year end reports when submitted to the Archdiocese Finance Office.
3. The pastoral council/school council will review the budget in the light of parish/school goals and priorities. The council's endorsement of the budget should be documented in the meeting minutes.
4. The pastor or pastoral/school administrator approves the budget after consultation with the pastoral/school council.

The budget should forecast receipts and expenditures for the fiscal year beginning July 1. PDS Ledgers has an effective budget preparation schedule. These forms should be used to assist the budget preparation process.

Approved parish/school budgets for the next fiscal year must be submitted to the Chancery along with the current fiscal year end report. Therefore, the reports for fiscal year ended June 30th, would include the budget for the next fiscal year ending June 30th. The reports for fiscal year end and budget must be received at the Archdiocese of Louisville Finance Office no later than August 15th after the fiscal year end closing date.

CHARITABLE GAMING

All parishes/schools operating a bingo or charitable gaming event must comply with Kentucky Revised Statute Chapter 238 (KRS 238) and 829 KAR Chapter 1. Training is available through the Kentucky Department of Charitable Gaming, www.dcg.ky.gov. The pastor, pastoral administrator, school administrator, officers on the license, and the bookkeeper should attend training and be knowledgeable on the regulations and statutes governing charitable gaming. The pastor, pastoral administrator, or school administrator must approve all gaming activity, including organizations' activity to ensure the activity is within the requirements and regulations of the parish/school's license and mission of the parish/school.

Licensing

There are two types of licenses: an exempt license and a regular gaming license.

1. An exempt license (Form CG-Exempt) can be obtained if gross receipts are under \$25,000 a year; and pull-tabs are not sold or no casino nights are held. Bingo and festival games of chance are permitted. There is no fee and it has a simplified application and reporting process. An annual report CG-EFR must be filed by January 31st each year. See KRS 238.535 for more information.
2. A regular license (Form CG-1) must be obtained if gross receipts are \$25,000 or more a year; or pull-tabs are sold or casino nights are held.
 - If gross receipts are \$200,000 or less per year and weekly bingos are not held, the report can be done annually using Form CG-FIN by January 31st for prior calendar year.
 - If gross receipts over \$200,000 or have weekly bingos, the report will be done quarterly using Form CG-FIN.
 - The fee due on gross receipts currently is .00914. This rate is subject to change; please verify percentage on Charitable Gaming website, noted above.
 - Licenses will be revoked or denied if CG-FIN is not filed.
3. The license to conduct charitable gaming shall be prominently displayed on or in the premises where charitable gaming is conducted, in a conspicuous location that is readily accessible to gaming patrons as well as employees of the gaming department, law enforcement officials, and other interested officials.
4. A chairperson who is listed on the application must be continuously present at each charitable gaming activity and be readily identifiable as the chairperson.

Charity Fundraising Events (CFE) and Special Limited Charity Fundraising Events (SLCFE)

CFE are fundraising events such as festivals, carnivals and picnics. There is a limit of four CFE events per year. Two of these events can be Special Limited Charity Fundraising Events (SLCFE), such as a Monte Carlo night. The CFE events have a time duration period of 72 consecutive hours. The SLCFE events have a time duration period of six hours and must be conducted between noon and 1:00 am. To obtain a CFE license complete Form CG-Schedule A at least 30 days before the scheduled event. Please refer to KRS 238.505, 238.535, 238.545,

238.547, 238.555 and 820 KAR 1:055, 1:056 for detailed allowed gaming event information and requirements.

Record Keeping

All gaming records must be maintained and available for inspection for a period of three years plus the current year. Additionally, all unsold pulltabs and all winning pulltabs with a prize value of \$50 must be kept 12 months.

Bank Accounts

A separate bank account must be set up for the exclusive use of charitable gaming fund deposits and payments. The checks must have the words "Charitable Gaming Account", Name of Parish/School, and the organizations license number on the face of each check. It is the policy of the Archdiocese of Louisville, that the pastor, pastoral administrator, or school administrator must be a signer on the account. The other signers must be appointed by the pastor, pastoral administrator, or school administrator and also be an officer on the license.

Only certain funds can be deposited into the gaming checking account and only certain expenses can be paid from the gaming checking account. Please be familiar with the rules as stated in the statute and regulations, specifically KRS 238.550(9) and 820 KAR 1:120.

Gaming supplies and equipment must be purchased from a licensed distributor and invoices must be paid within 30 days. However, purchased prizes can be purchased anywhere, such as new television prize.

Raffles and Limitations

Raffle tickets have to be sold for the price stated on the ticket and each ticket must have a unique identifier. Please note, that if a winner is not present at the drawing, you must notify the winner within (7) days of the drawing by certified mail. For more regulations see KRS 238.545 and 820 KAR 1:050.

The Archdiocese of Louisville places the following limitations on raffles:

- Elementary schools and parishes, maximum of \$20,000
- High Schools, maximum of \$40,000

Requests for exceptions must be submitted in writing to the Archdiocesan Chief Financial Officer.

Raffle and Pull-Tab Winnings

Gaming winnings are reportable to the IRS and State of Kentucky. Please read **IRS publication 3079, Kentucky State Withholding Tax Instructions for Employers – Form 42A003, Regulation 103 KAR 18:070.**

1. **Cash Winnings of \$600- \$5000** - An IRS Form W-2G (Statement of Recipients of Certain Gambling Winnings) needs to be completed with the winner's name, address, social security number and winner's signature if the winnings are \$600 or more **and** at least 300 times the amount of the wager. (Example: Raffle prize is \$1,500, with a ticket price of \$10. The prize is more than \$600 but less than 300 times wager (10 x 300 = 3,000). A W2-G would not have to be filed.) Generally, no withholding is required; however, depending on the type of gaming winnings, please refer to the W-2G instructions for specific requirements.
2. **Cash Winnings over \$5,000** (exclusive of Bingo) - An IRS Form W2-G must be completed and filed as stated above. For cash winnings withhold 25% for federal taxes and 6% for state taxes.
3. **Non-cash winnings** - If a prize such as a vacation or car is won, the amount of the prize is its fair market value (obtained from an independent source) less the amount of the wager. For prizes valued over \$5,000, you must obtain the required withholding (25% federal and 6% state) from the winner of the prize at the time the prize is awarded. A Form W2-G must be completed as stated.
4. **Please note: All gambling winnings that are subject to federal tax withholding shall have state income tax of 6% deducted and withheld.**

IRS Withholding Payments

An electronic federal tax payment account (EFTPS) needs to be set up with the IRS for submission of the withholdings. This has to be done through the IRS website, <http://www.irs.gov>. The withholdings are then electronically submitted through the EFTPS based on the schedule the IRS sets up.

State Withholding Payments

An account must be set up with the state by submitting application Form 10A100. Form K-1 is used to submit the withholding with a check to the state. The state will inform you of frequency of filing (monthly, quarterly or annually).

IRS Annual Filing Requirements

Submit copies of the W-2G and file with Form 1096 annually. Additionally, file IRS Form 945 Annual Return of Withheld Federal Income Tax for W-2G tax withholdings. The annual date to submit the returns depends on the filing requirements and if that date falls on a weekend or holiday, please refer to the current year's form instructions.

Bingo

All bingos must be approved prior to initiation from the Archbishop. Request must be in writing. After approval the bingo must be “on-site”. If the bingo is to be held “off-site,” written permission must be obtained from the Archbishop.

1. Bingo is to be administered, conducted and promoted exclusively by volunteer personnel. **No Remuneration** of any kind, direct or indirect (e.g. tuition, fees), may be received for these services. Bookkeepers and security may be paid a salary from the charitable gaming funds through the gaming check account.
2. Per Archdiocesan Policy, no person under the age of 18 shall be permitted to play bingo or purchase bingo supplies.
3. Prizes may not exceed a total of \$5,000 per session.
4. All bingos must fully comply with IRS and State regulations pertaining to reporting and recording of prize winners.
5. **Bingo Winnings** are not subject to the withholding of federal or state taxes. Winnings of \$1,200 or more are subject to filing requirements. Form W2-G must be completed with the winner’s name, address, social security number and signature. Form 1096 along with copies of W2-G must be submitted annually, please refer to the current year’s form instructions for filing due dates. If the winner refuses to give the necessary information to complete the W2-G, the parish/school must withhold federal (28%) and state taxes (6%). See section on IRS and state withholding for remittance information.

Poker Tournaments

Winnings are not subject to withholding of federal or state taxes. Winnings over \$5,000 are subject to filing requirements. Form W2-G must be completed with the winner’s name, address, social security number and signature. Form 1096 along with copies of W2-G must be submitted annually, please refer to the current year’s form instructions for filing due dates.

Accounting

Income and expenses related to charitable gaming should be recorded in PDS Ledger software in the 1300 account range.

For specific questions please refer to the Public Protection Cabinet, Department of Charitable Gaming, 132 Brighton Park Boulevard, Frankfort, KY 40601, (502) 573-5528, (800) 729-5672 (in Kentucky), www.dcg.ky.gov. We encourage you to email your representative with questions and obtain answers in writing.

Please read the Guide to Charitable Gaming in the Commonwealth of Kentucky and keep this guide on hand to assist with questions.

COLLECTIONS – SUNDAY AND HOLY DAYS

Receipts from Saturday and Sunday Masses, as well as Holy Day Masses, should be sealed in tamper evident bag during or immediately after Mass. The collection should be secured in a locked safe if not counted immediately after Mass. Collections should always be handled in the presence of at least two people.

- It is highly recommended that the collections be counted as soon as possible after the last mass on Sunday and deposited in the bank night deposit in a tamper evident or locked bag. Loss of uncounted money is not covered under insurance. If the collection can't be deposited in a bank night deposit on Sunday, store in a safe on parish property in a tamper evident bag. All collections should be transported to the bank in a tamper evident or locked bag.
- Collections should be deposited no later than the next business day.
- Parishes should have a "Counting Team" of two or three non-related individuals who count the collection. Members of the counting team should rotate on a regular basis.
- Only those persons designated as members of the counting team should be in the room when the counting takes place.
- The counting team should prepare a collection and deposit report, which should be signed by the counters and forwarded to the parish bookkeeper immediately. A copy of the initialed deposit ticket should be attached to the report.

It is recommended that safes used by the parish or school have a minimum rating of TL 15, are through-bolted to walls or floors, and are placed in alarmed and/or heavily used buildings, such as the parish office.

Suggested Money Counting Procedure

1. Weekly envelopes are separated from special collection envelopes and are sorted by parish number into stacks labeled "under 100, 100's, 200's, 300's, etc.

Each stack is separately counted and balanced individually before being added to the general deposit:

- Each envelope is opened, the money or checks counted, and the amount written on the front of the envelope.
- When the stacks have been opened and counted, a separate adding machine tape is prepared of the envelopes and the money. These two totals must balance before another stack of envelopes is begun.
- The two adding machine tapes are rubber banded to the stack with the balance total circled.

All balanced stacks are added together and the total is written under "Parish Support: Envelopes" on the Collection Count Report.

2. All loose cash is counted and checked by two people to verify amounts and the total is written under "Parish Support: Loose Cash" on the Collection Count Report.

3. All loose checks are matched against a parish list. If the person who wrote the check is a parishioner, their ID number is written on the check and the amount is listed on the "Leftover" sheet under "Loose Checks" (with ID number). These checks are totaled and written under "Parish Support: Loose Checks with ID" on the Collection Count Report. A copy of all the loose checks should be made and attached to the Collection Count Report.
4. Non-parishioner checks are written under "Loose Checks" (no ID number). These checks are totaled and written under "Parish Support: Checks with no ID" on the Collection Count Report.
5. Children's envelopes are counted and balanced in the same way as weekly collections and listed under "Parish Support: Students" on the Collection Count Report.
6. All Special Collections are counted and balanced in the same way as Weekly collections and listed under "Other Monies Counted: Special Collections."
7. Any other non collection items should be totaled separately and placed on a separate line on the Collection Count Report, i.e. St. Vincent dePaul donations.

When all envelopes have been opened, counted, marked and all totals written on Count Sheets, the amounts are added for a final total at the bottom of the sheet marked "Total of All Monies Counted." This total should match the total of all the coins, cash, and checks received for the day written on the bank deposit ticket and the line marked "Total Deposit." If these two numbers do not match, double check figures written on the count sheet and/or recount coins, cash and checks until balanced. A member of the count team should verify the deposit total and initial the deposit ticket.

The empty envelopes and copies of loose checks are used to enter the amount given into the PDS Church Office (or other system used to keep track of envelope contribution for each family). As each stack is keyed into the Quick entry screen, the circled amounts from the adding machine tapes are entered into an adding machine. At the end of each stack, the running total on the quick entry screen should match the adding machine total. If not, go back and find the keying error in the PDS system or on the tape. The information then is given to the bookkeeper to enter into PDS Legers as receipts.

Envelopes should be retained until April 15th of the following year.

A sample Collection Count Report is provided in *Appendix – Accounting Sample Forms/Reports*.

CONFLICT OF INTEREST

Purpose of the Conflict of Interest Policy of the Archdiocese of Louisville:

The Archdiocese of Louisville, including parishes, schools, agencies, and all other organizations included under the corporation sole, expects its priests, employees and the members of the Archdiocesan Finance Council and their various subcommittees, and members of any board, committee, or council with fiduciary responsibility for a parish, school, or agency (collectively referred to as "associates"), to act loyally toward the Archdiocese, to maintain the highest standards of ethics, and to maintain at all times an awareness of possible conflicts of interest, both in fact and in appearance. This policy is also meant to protect the Archdiocese's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an associate of the Archdiocese.

Definitions and Examples

1. **Conflict of Interest** - Conflict of interest refers to a situation in which financial or other personal considerations may compromise or have the appearance of compromising an associate's professional judgment in administration, management or other professional activities.

A conflict of interest might arise when an associate is in a relationship that might lead to personal gain or provide an improper advantage for anyone. Ordinarily such problems may be resolved by full disclosure (see Procedures of Disclosure and Review section below) as well as by making appropriate arrangements that clearly exclude the associate from participating in related decisions. Examples of such relationships include but are not limited by the following:

- a. An associate has directly or indirectly through business, investment or family an ownership or investment interest in any entity with which the Archdiocese has a transaction or arrangement, or
- b. An associate has directly or indirectly through business, investment or family a compensation arrangement with the Archdiocese (excluding salary and wages earned through regular employment with the Archdiocese) or with any entity or individual with which the Archdiocese has a transaction or arrangement, or
- c. An associate has directly or indirectly through business, investment or family a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Archdiocese is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature (see Gifts, Payments and Favors below).

2. **Gifts, Payments, and Favors** - Gifts, payments and favors include vacations, loans, expenses, consultant fees, stipends, direct gifts of objects or money, etc. The term "indirect" includes the offering or accepting of gifts, payments, or favors by a relative, a person acting on behalf of the associate, or a business entity in which the associate has an interest.

Procedures of Disclosure and Review

1. **Duty to disclose** - In connection with any actual or possible conflicts of interest, an associate must disclose the existence and nature of his or her potential conflict of interest. This disclosure must occur as soon as possible once an associate becomes aware of an actual or possible conflict of interest. Full disclosure of relevant information and the establishment of a written record are in the best interest of both the Archdiocese and the associate. It demonstrates good faith on the part of the associate and protects the individual's and the Archdiocese's reputation.

Disclosure shall include the type of potential conflict (conflict of interest or commitment), the nature of the activity, a description of all parties involved, the potential financial interest and rewards, and any other information deemed necessary to evaluate the disclosure.

These rules do not preclude those covered by this policy from offering or accepting of Christmas remembrances, thank you gifts, business meals, or occasional gifts of nominal value.

When a potential conflict of interest occurs, a completed Conflict of Interest Disclosure Statement (see disclosure statement in Appendix – Accounting Sample Forms/Reports) must be submitted to the Archdiocesan Chancellor for review and evaluation.

2. **Review of disclosures** - The Chancellor shall review each conflict of interest disclosure. The Chancellor will carefully weigh the nature of each conflict and consult with the appropriate parties to determine if the situation:
 - a. is permissible since the disclosed information does not represent a possible source of bias or an inappropriate activity;
 - b. is permissible with modifications aimed at avoiding bias or inappropriate activities; or
 - c. is inconsistent with Archdiocesan policy and thus not permissible. If a potential conflict or the appearance of such conflict, in fact, exists, the Chancellor will recommend a plan to manage, reduce or eliminate the conflict.
3. **Maintain documents** - The Office of the Chancellor shall maintain in a secured area for five years the records of conflict-of-interest disclosures and subsequent actions recommended and taken.
4. **Distribution policy** - For the Archdiocese of Louisville and all entities covered under the corporation sole, this policy shall be given to new employees upon hiring and to those associates having fiduciary responsibility for parishes, school, and agencies.
5. **Failure to disclose** - Failure to disclose actual or potential conflicts of interest in a timely manner or refusal to cooperate in the management, reduction, or elimination of conflicts of

interest will be grounds for disciplinary action, including possible termination of employment in the case of employees or removal from council positions as appropriate.

Disclosure Statements

Each associate shall complete a statement that discloses actual and potential conflicts of interest and further affirms that such person:

1. has received a copy of the conflict of interest policy;
2. has read and understands the policy;
3. has agreed to follow the directives and procedures within the policy; and
4. understands that the Archdiocese is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

The Conflict of Interest Disclosure Statement must be completed by all new appointees to a committee or council with fiduciary responsibility for a parish, school, and agency. It is the responsibility of each associate to inform the Archdiocese of Louisville should a new conflict of interest arise subsequent to new employment or appointment.

The Conflict of Interest Disclosure Statement can be found in the *Appendix – Accounting Sample Forms/Reports*.

CONTRIBUTIONS

Parishes or schools must maintain a record-keeping system that tracks contributions by parishioner (e.g., PDS Church Office Program). The system should, at a minimum, provide the following information:

- Parishioner name, address, family members
- Weekly contribution amount
- Total annual contribution amount

Records should also be maintained for periodic contributions from non-parishioners and/or corporations.

The records must explicitly detail any restrictions the donor has placed upon the contribution (e.g., for repairing the parish roof). It is the responsibility of the Parish Finance Council to ensure that the parish or school adheres to these restrictions.

Acknowledgement of Contributions

Parishes or schools are required to provide parishioners or donors with annual contribution statements which detail the amount contributed and indicate whether the amounts are tax deductible. The revised section 170(f)(8) of the Internal Revenue Code requires that an individual receive a receipt from an organization in order to take a charitable deduction on their tax return for individual gifts of \$250 or more. This includes Sunday contributions, capital campaign contributions and special gifts. These statements should be mailed by January 31 for the previous year's contributions. **A sample acknowledgment generated from the PDS Church Office program is provided in *Appendix – Accounting Sample Forms/Reports*.**

Following is a list of contributions, which are tax deductible, and a list of payments, which are not tax deductible. Please keep in mind that, while it is the parish or school's responsibility to report contributions, the ultimate responsibility of tax deductibility rests with the taxpayer and IRS.

TAX DEDUCTIBLE CONTRIBUTIONS

- **Parish Tithing:** Voluntary contributions received by a parish (e.g., Sunday mass contributions) are tax deductible and should be reported as such.
- **Contributions for Intangible Religious Benefit:** Contributions for which the contributor receives an intangible religious benefit that generally is not sold in a commercial transaction outside the parish or school should be reported as tax deductible. This includes contributions for Mass stipends, CCD classes or sacramental fees.
- **Non Cash Contributions:** Non cash contributions (e.g., property, stock) are normally deductible. However, it is the responsibility of the taxpayer to request an acknowledgement of any non-cash donation worth more than \$250. This acknowledgement should describe the gift and not set a value on the donation.

- **Contributions for Fund Raising Events:** Normally contributions for fund raising events include some sort of goods or service in return for the contribution. The value of the goods or service received is not tax deductible. For example, if a parish or school sells tickets for \$100 to attend a fund raising dinner and the contributor receives a dinner valued at \$25, only \$75 should be reported as tax deductible. For ease of reporting, announcements or tickets for fund raising events should contain a declaration informing the donor of the amount of the contribution that is deductible. In the above example, the parish or school could print the following information on the ticket -- "\$75 of Your Contribution is Tax Deductible."

NON-TAX DEDUCTIBLE PAYMENTS

- **Tuition:** Tuition or parish-set amounts, which are expected from school families, and/or are monitored by the parish under a "minimum giving" program may not be reported as tax deductible. (Parishes with schools should review the section below which discusses tuition options.)
- **Raffle Tickets:** Chance cards and raffle tickets are not tax deductible. Therefore, terms such as "donation" should not be stated as they infer tax deductibility.

DISBURSEMENTS

Normally, all expenditures should be paid by check. Only in extreme circumstances should cash be used to pay bills and documentation for such expenditures is **required**.

The parish or school checks/checkbooks should be stored on parish or school property in a locked safe or secure file cabinet.

Please refer to the policy entitled "Extraordinary Expenditures" for the approval process for extraordinary expenditures.

The PDS Ledger software should be used to track vendors, input invoices and print checks.

Signatures

The original hand signature of the pastor, pastoral administrator, associate pastor, or school administrator is required on every check drawn on parish or school accounts except as indicated below:

- Checks over \$5,000 must have two signatures, one being the pastor, pastoral administrator, associate pastor, or school administrator. **The parish or school bookkeeper should not be authorized to sign or countersign checks.**
- Checks written from imprest checking accounts do not require the pastor, pastoral administrator, or school administrator's signature. However, the reimbursement check does require the pastor, pastoral administrator, or school administrator's signature. The pastor, pastoral administrator or school administrator should be one of the signers on the account. Please refer to the policy entitled Imprest Accounts for further instructions.
- The pastor, pastoral administrator, or school administrator may appoint two individuals to sign jointly in his or her absence.
- **Signature stamps or other check signing devices may not be used without the approval of the Archdiocesan Chief Financial Officer. Requests must be made in writing.**
- Blank checks **should never** be signed in advance of preparation.
- Checks should never be made payable to "CASH". Issue checks to be converted to coin or currency payable to the issuing bank or the individual cashing the check at the bank, i.e. John Doe, Cashier.
- Checks should never be signed by the person it is made payable to.

Exceptions to the above must be approved by the Chief Financial Officer. Requests for exceptions must be made in writing.

Purchase/Payment Procedures

Following are suggested procedures to be used for making purchases and paying invoices/vouchers.

- A W-9 Request for Taxpayer Identification Number and Certification should be obtained on every vendor/individual. This form is not need for reimbursements to individuals.
- Purchases by the parish or school should be made using the tax exempt certificate.
- Invoices should be date stamped when the mail is opened. An authorized **Check Request Form (See sample in Appendix – Accounting Sample Forms/Reports)** should be attached to the invoice and both should be given to the bookkeeper within three days of receiving the invoice. The Check Request Form must identify the following or the invoice must be stamped with the following:
 - amount to be paid
 - payee and address
 - date check needs to be paid (note any discount)
 - ledger account name/number to be debited
 - signature of person requesting payment
 - signature of person authorizing payment
- The bookkeeper should match the check request/purchase order and the invoice to the packing slips, if applicable. Any discrepancy should be resolved with the person who signed the check request form.
- In order to prevent duplicate payments the bookkeeper should note the following on each check request -- date of payment, check number, and initials of person preparing check and/or attach a copy of the check. PDS Ledgers will notify you if the same invoice number has been previously entered.
- Purchase limits follow the guidelines of check requests and extraordinary expenditures.

NOTE: Check request forms should also be used to request reimbursement of imprest accounts and petty cash accounts. It should include the same information as above, including all receipts or cancelled checks to verify expenditures. It should also include a reconciliation showing the checkbook balance, the amount of reimbursement and the total of the two. The total should agree with the amount stated on the balance sheet.

Voided Checks

Voided checks should **NOT** be destroyed. All voided checks should be clearly marked "VOID" and filed in numerical order with the canceled checks or bank statements. If voiding a check in a month other than the current month, a journal entry in the current month should be used to clear the check. This ensures the previous financial records stay accurate.

IRS and State Filing

An IRS Form 1099-MISC must be issued prior to January 31st each year for disbursements made during the previous calendar year (January 1st – December 31st) for \$600 or more. This information is required to be submitted to the IRS, state and some local governments and the individual/vendor. Please read the IRS Form 1099-MISC and Form 1096 Instructions for specific requirements. Also, read the instructions for state and local governments submission requirements.

Imprest account disbursements need to be included when determining the \$600 or more per individuals/vendors.

This payment information can be tracked in the PDS Ledgers software under the Vendor Tax Information tab.

Credit Cards/Charge Accounts

We encourage parishes/schools to use charge accounts and discourage the use of credit cards. Credit cards should only be used minimally and when no other option is available.

Credit cards and charge accounts may be used to facilitate business purchases. It is imperative that adequate controls governing access, signatures, and documentation of type and business purpose be monitored. Finance charges should be avoided and balances should be paid at the end of the billing cycle. Statements must be mailed to the parish office and reviewed by the pastor, pastoral administrator or school administrator.

All original receipts must be submitted by the individual in a timely fashion with a check request for payment. These receipts must be attached to the vendor billing statement.

Each individual purchase transaction reflected on the monthly credit card statement must be reconciled to the corresponding original purchase receipt.

No personal purchases can be charged to the parish/school credit card.

A list of the cardholders and authorized charge account signers should be maintained and kept in a secure location. The list should list the name of the cardholder, the account number, credit limit and expiration date. Credit cards must be returned when employees leave their job or position. Name of the employee leaving must be removed as an authorized signer on all charge accounts.

Each parish/school may develop internal policies that are more stringent if desired.

Electronic Fund Transfers (EFT)

EFT can be used for recurring expenses if an adequate paper trail is maintained. The vendor invoice must still be received for supporting documentation. Approval for the expense should be obtained similar to the check request approval.

Each parish/school may develop internal policies that are more stringent if desired.

ENDOWMENTS

The Archdiocese Deposit and Loan Fund accounts for parish and school endowment funds separately from the regular parish and school funds as these funds are considered permanent investments. The parish or school should consider carefully before establishing an endowment fund. The terms are as follow:

- ◆ The principal is permanently endowed and, thus, will not be available for withdrawal.
- ◆ ***Interest rate is 150 basis points over the 6 month U.S. Treasury Bill rate. This rate may change every 6 months, January 1 and July 1, using the stated rates as of December 31 and June 30, respectively. The minimum interest rate paid on endowments is 2.0%.*** The interest rate is subject to change by the Archdiocese of Louisville.
- ◆ The interest rate will exceed that being paid on regular parish or school deposits in the Deposit and Loan fund.
- ◆ Minimum deposit for the endowment fund is \$100,000.
- ◆ The parish or school must sign a document signifying their intention regarding the endowment.

A separate endowed fund is available to encourage parishes to protect cemetery funds and to provide for the perpetual care of parish cemeteries. Cemetery endowment funds are subject to the following terms:

- ◆ The principal is permanently endowed and, thus, will never be available for withdrawal.
- ◆ ***The interest rate is 150 basis points over the 6 month U.S. Treasury Bill rate. This rate may change every 6 months, January 1 and July 1, using the stated rates as of December 31 and June 30, respectively. The minimum interest rate paid on endowments is 2.0%.*** The interest rate is subject to change by the Archdiocese of Louisville.
- ◆ Minimum opening deposit for the endowment fund is \$10,000.
- ◆ The parish must sign a document signifying their intention regarding the cemetery endowment.

Sample Forms/Reports used to establish endowments are included in *Appendix – Accounting Sample Forms/Reports.*

EXTRAORDINARY EXPENDITURES

Extraordinary expenditures refers to expenditures made for goods or services outside normal operating expenses, such as the purchase of new equipment, renovations, or major repair work.

The following approval policies must be followed for extraordinary expenditures:

Parish or School Expenditures

- Pastor, pastoral administrator, or school administrator must consult the Parish Council or School Board and/or Finance Council on any proposed extraordinary expenditure over \$1,000 that was not included in the approved budget.
- Any extraordinary expenditure amounting to \$20,000, written approval of the Archbishop must be obtained. This includes BFOH expenditures.

Parish or School Organization Expenditures

- Parish or school organizations must consult with the pastor, pastoral administrator, or school administrator on any proposed unbudgeted expenditure over \$1,000.

In addition to these policies, each parish or school may develop policies that are more stringent if desired. Refer to the [Renovations/New Construction](#) policy for more information.

FINANCE COUNCIL

Canon Law requires each parish to have a Finance Council. In addition, under Canon Law Section 1280, regional and secondary schools are required to have a Finance Council. The role of the Finance Council is to advise the pastor, pastoral administrator, or school administrator and Parish Council or School Board in matters of finance and in decisions involving the temporal goods of the parish or school. It is separate from the Parish Council. The Parish Council is a consultative body to the pastor or pastoral administrator in deciding how to meet the needs of the parish as a whole. Both councils are directly accountable to the pastor or pastoral administrator.

Membership of the Finance Council

In addition to the pastor, pastoral administrator, or school administrator, the Finance Council should consist of at least three members who are skilled in financial affairs or civil law. In the event a particular parish or school does not have qualified persons who are willing to serve on the Finance Council, the pastor, pastoral administrator, or school administrator should consult with the Archbishop and Chief Financial Officer of the Archdiocese for assistance in appointing persons from other parishes to serve as regular members of the council.

To minimize the possibility of conflicts of interest, it is recommended that Finance Council members not hold office in parish or school organizations or serve on the Parish Council or School Board, at the same time.

Meetings

Meetings of the Finance Council should be held monthly or as determined by the pastor, pastoral administrator, or school administrator but no less than quarterly. Each member is required to maintain confidentiality on those matters designated as confidential.

It is recommended that the pastor, pastoral administrator, or school administrator select a secretary of the Council who is responsible for recording minutes of the meetings. These minutes should be forwarded to the pastor or pastoral administrator for approval and for distribution to the other members. Copies should be maintained in a permanent file in the parish office.

Duties and Responsibilities

The basic functions that are to be performed by the Parish or School Finance Council in consultation with the pastor or pastoral administrator are the following:

- Ensure adherence to Archdiocesan financial policies and procedures.
- Review parish or school and parish/school organizations monthly financial reports compared to budget.
- Review six-month and year end reports that are submitted to the Chancery for the periods ending December 31 and June 30.

- Review fundraising, charitable gaming, and cafeteria financial reports and bank reconciliations for the general account, charitable gaming account, cafeteria account and all imprest accounts.
- Periodically, or on a regular basis, request presentation of reports from representatives of other committees such as building and maintenance, special projects, school board, cemetery board, etc.
- One member of the Parish or School Finance Council should also serve on the Parish or School Audit Committee. Ensure the Internal Control Audit is conducted each year. See Audit Committee Policy for more information.
- Ensure communication of financial information to all parish members and school families at least on a regular basis, no less than annually. See Reporting Requirements Policy for more information.
- Prepare parish or school annual budget in collaboration with the pastor, pastoral administrator, school administrator, Parish Pastoral Council, School Board, and other appropriate parties.
- Be involved in long-range planning, including making recommendations based upon economic climate and financial trends with regard to parish investments, insurance, or other fiscal matters.
- Assist in the ongoing oversight of maintenance of all physical plant facilities and all expansion and renovation or demolition projects.
- Ensure inventory of parish goods is up-to-date and that insurance coverage is adequate.
- Review all unbudgeted expenditures over \$1,000.
- Ensure that bequests/gifts with restricted purposes that are received by the parish or school are administered in accordance with the donor's wishes. Ensure that a permanent file on such gifts is being maintained.
- Ensure that parish or school tax-exempt status is maintained through compliance with federal, state and local laws, statutes, and regulations.
- Ensure that employment and personnel policies conform to church and civil law.
- Ensure that collections mandated for the Archdiocese are announced in advance in the parish bulletin or advertised in other ways, taken-up and forwarded to the Archdiocese within 30 days.

The Finance Council must be kept informed by the pastor, pastoral administrator, or school administrator and bookkeeper of all parish financial matters and be provided with copies of the Archdiocesan Financial Policies and Procedures Manual. **The Manual is also available on the Archdiocese of Louisville website: www.archlou.org.**

FRAUD – REPORT OF SUSPECTED

The Roman Catholic Archdiocese of Louisville promotes a culture of honest and accountable stewardship of God's gifts. Fraud of any type will not be tolerated. The prevention of fraud is the responsibility of all clergy, religious, lay employees, volunteers, and parishioners. The Archdiocese expects those parties to report any suspected case of fraud and provides assurance against recrimination. Persons found to have participated in fraudulent acts will be subject to disciplinary action, up to and including termination and civil and criminal prosecution.

Suspected fraud may be reported by mail, fax, telephone, or email. The Report of Suspected Fraud form details instructions for reporting and submitting claims. See Appendix – Accounting Sample Forms/Reports.

How to Report Suspicions of Misuse of Funds and Property

The Archdiocese of Louisville is committed to being a good steward of our resources. We are all responsible for ensuring that funds we receive are used for the benefit of people we serve and for protecting our financial and physical assets from theft or misuse. We ask for your help in reporting any situations where Church funds or property are lost or put at risk, as described in the following policy.

Application

This policy applies to all clergy, employees, and volunteers of our parishes, schools, and agencies. In addition, we encourage parishioners, parents of school students, clients of our programs, and others to report any suspicions of misuse of funds or property. By working together, we can promote greater stewardship and accountability.

Definition

We define the following behavior as inappropriate:

- Situations involving the loss of Church funds or property, such as falsifying expense reports, giving a cell phone belonging to the Church to a family member to use, using work time to run a personal business, or taking money from a Sunday collection or petty cash fund, even with the intent to re-pay it.
- Situations may create potential future losses of funds due to poor accounting procedures, such as not keeping cash in a secure place or having a lack of "checks and balances" in managing money.
- Working together with an employee, volunteer, vendor or client of a program to get around internal controls, misappropriate funds and/or conceal actions from detection.
- Taking goods that have been donated to the Church or purchased with Church funds.
- Signing another person's name on a check or other document to take funds.
- Issuing paychecks/benefits to people who are not employees.
- Making payments to false vendors or overpaying invoices to receive a "kickback".
- Using the Church tax exemption for personal purposes.

- Receiving payment for hours that were not worked.

Reporting

We highly encourage and would be very grateful for any information regarding the misuse or the potential for future loss of funds or property. You can make a confidential report on your own by using the Fraud Suspicion Form. Or, if you wish, you can talk with your pastor, pastoral administrator, principal, or agency director and the two of you can make a report together. Another option is to contact the Chief Financial Officer, Controller, or Chancellor/Chief Administrative Officer, who can also assist you with making a report. The contact information for these individuals is at the end of this policy.

If you suspect misuse of funds or property, but do not have complete proof, we would still appreciate any information you could share. If you are unsure of whether a situation is a violation of the policy, you can use the reporting system to ask a question.

Reporting of suspect activity may be done confidentially by submitting a **Fraud Suspicion Form, available in *Appendix –Accounting Sample Forms/Reports*.**

- The name of the reporting party will only be shared with people who have a "need to know" during an investigation.
- Every report is taken seriously.
- The Chief Financial Officer will be informed of every report, as appropriate.
- There will be a thorough investigation of every report.
- A response will be given to every individual who makes a report and provides contact information.

Non-Retaliation

The Archdiocese sincerely appreciates reports that are made and will not retaliate or take action against any person who makes a report in good faith. For employees, they will not suffer a loss of employment, a decrease in wages, or other adverse consequences due to making a report in good faith. For other individuals (volunteers, parishioners, parents, clients of programs, etc.) who make reports, the Archdiocese will make every effort to protect their identities and their interests.

Further Information

The Archdiocese has another policy that relates to this topic:

- [Internal Control Policy](#) - Provides guidelines on practical steps to reduce the risk of funds being lost or misused. This policy can be located in the Financial Policy and Procedures Manual found at www.archlou.org.

An Appeal

For the Church to practice good stewardship and demonstrate accountability, every person needs to be committed to these goals and willing to report suspicions of wrongdoing or situations where poor procedures make wrongdoing possible. We appeal to you to be vigilant in these areas and report any and all information that would help us live up to these standards. We are very grateful for your assistance, and thank you for working with us to ensure the highest ethical and professional standards in all of our ministries.

If you have any questions about this policy or would like assistance in making a report, please contact any of the following people:

Robert L. Ash, Chief Financial Officer
(502) 585-3291, ext 1153, rbash@archlou.org

Rebecca Walter, Controller
(502) 585-3291, ext. 1150, rwalter@archlou.org

Brian B. Reynolds, Ed.D, Chancellor/Chief Administrative Officer
(502) 585-3291, ext. 1109, breynolds@archlou.org

FUNDRAISING & SCRIP PROGRAMS

It is Archdiocese policy that funds raised in the name of the school or parish must benefit all members and not individuals. For instance, when a parish/school has a fundraiser for a school trip or related activity, the parish/school cannot take the funds raised by one parent and reduce only that particular parent's fee, nor one particular child's fee for the trip or related activity. The funds that are raised for the trip must be combined to reduce the total cost of the trip or related activity for everyone. This applies to service hours as well.

Volunteers cannot be paid directly or indirectly (i.e. given a credit or refund in the reduction of the cost of a class trip or related activity) for any fundraising event. This would also apply in the case of a deposit required to be paid and refunded when a parent provides a service, such as working in a concession stand.

Scrip/Gift Card Programs Defined: Scrip programs raise money through rebates from the retailer, represented as discounts from the face value of the gift card.

- Scrip Sales must be transacted through volunteers, not by paid individuals. Scrip sales should only be handled by paid individuals (i.e. parish/school secretary) a *de minimus* amount of time, 5% or less, to avoid Unrelated Business Income Tax (UBIT) consequences.
- It is preferable to use a scrip intermediary such as Great Lakes Scrip Center in the delivery and distribution of prepaid gift cards and certificates.
- Scrip money should be deposited so it is clearly identified should there be an audit. One way to accomplish this is to use a stamp and stamp it "Scrip" on the face of the check, so it is identifiable on bank statement images. If this is not done, the burden of proof is on the church to separate scrip funds from donated funds if requested to do so by the IRS.
- Additionally, purchasers of scrip are not entitled to any charitable deduction with respect to the purchase of scrip when the rebate is owned by the parish/school.
- Scrip proceeds should not benefit any one individual or family in the form of credits to tuition accounts, book bills, or other accounts based on the amount of their scrip purchases. Proceeds should *benefit the 501(c) (3) organization (i.e. parish or school) and all its members*. This applies to all fundraisers such as candy sales, Christmas wrapping sales, and poinsettia sales. It also applies to funds raised for teen dances, class trips, and other events.
- Inventory of unsold cards should be conducted on a monthly basis. The inventory amount should equal the amount listed on the balance sheet.
- Inventory must be kept in the parish/school office and preferably in a locked safe.

Accounting for Fundraising Funds

All income from a fundraiser should be accounted for in a 1300 account in PDS Ledger. Any expenses associated with the fundraiser should also be accounted for in the same 1300 account. The funds are then netted. When the funds are used for the purpose they were raised, the disbursement is put to the appropriate expense account. It should **not** be expensed to the 1300 account.

GIFTS

To Priests

Gifts given to outgoing or incoming priest by parishioners should not flow through the church accounts. The parishioners should make any checks payable directly to the priest. These checks are not tax deductible. Any gift given to a priest by a parish, school or organization must follow the employee guideline below.

To Employees

Gifts given to employees should be of nominal value under \$35. Gift examples are fruit baskets, turkeys, shirts or athletic chairs. A gift of money to an employee must be processed through payroll as the parish is required to pay payroll taxes on monetary gifts. Gift cards are considered cash equivalents and should be processed through payroll. This includes any gift given by the parish, school or parish/school organization. See IRS Publication 15-B, De Minimis Benefits.

To Volunteers

Cash may never be given as a gift to a volunteer. Gifts to volunteers should be nominal in value and can include small gifts, gift cards, or checks.

From Vendors/Contractors

No employee shall receive any improper payment or gratuity from any business. This includes accepting a gift, favor, service or privilege, including travel or entertainment that exceeds the level of business courtesies extended in accordance with accepted ethical business standards, thereby creating a conflict of interest. A business gift is anything of value for which the recipient does not pay fair market value. See Conflict of Interest Policy for more information.

All gifts received and given must be approved by the pastor, pastoral administrator or school administrator.

GRANTS AND SUBSIDIES FROM ARCHDIOCESE

Parishes or schools that are not current in their obligations to the Archdiocese may not be eligible for Archdiocesan grants. These obligations include, but are not limited to:

- Filing of Parish or School Financial Statements
- Payment of Parish or Regional School Assessments
- Compliance with Personnel Policies
- Compliance with Financial Policies
- Principle and interest payments on loans
- Compliance with Audit Findings

IMPREST ACCOUNTS FOR PARISH/SCHOOL ORGANIZATIONS

All parish or school organization funds must flow through the parish or school general checking account with the exception of charitable gaming and cafeteria funds that must be maintained in separate checking accounts. This means that all deposits for parish or school organizations are made directly into the parish or regional school general checking account. The bookkeeper of the parish or school organization can make these deposits. These deposits are restricted for that organization using a separate department code for each organization. The pastor, pastoral administrator, school administrator, parish, or school cannot use these funds without consulting the parish or school organization.

Parish or school organizations have two options for paying bills:

- 1) The organization can prepare a Check Request Form and have the parish or regional school bookkeeper pay all bills.
- 2) The organization can maintain an imprest checking account at a specified level; not to exceed one month's operating expenses.

With an imprest account, the parish or school organization pays their bills directly from their imprest account. All checks require one signature by an officer of the organization. If preferred, organizations may require two signatures. The imprest account should have a least three authorized signers' one being the pastor or school administrator. Unusually large invoices, which may exceed the imprest account limit, are given to the bookkeeper for payment. The bookkeeper prepares the check and charges the restricted funds on reserve for that organization.

When the balance of the imprest account is low, the organization prepares a Check Request Form for reimbursement. **(Sample check request form is provided in *Appendix - Accounting Sample Forms/Reports*).** This request should include a statement of expenses (list of all the checks written in order, with payee, amount paid, and purpose) along with the original receipts which are reviewed by the pastor, pastoral administrator, or school administrator to insure that the expenditures are made in accordance with the purpose of the parish or school organization. The statement of expenses should show the total expenses to be reimbursed and the amount remaining in the imprest account which should balance back to the amount on the parish/school balance sheet. The pastor, pastoral administrator, or school administrator may appoint another person to review these expenditures. However, it should be noted that the responsibility for the appropriateness and completeness of the disbursement and supporting documentation submitted remains with the pastor, pastoral administrator, or school administrator.

The reimbursement check is issued from the funds restricted for that organization and charged to expense accounts set up specifically for that organization. The pastor, pastoral administrator, or school administrator must sign the reimbursement check.

Checkbooks for imprest accounts must be kept in a safe and secure location. However, it is not necessary that they be kept at the parish or regional school office.

All bank statements for imprest accounts should have a month end closing date and are to be mailed to the parish or regional school office. The parish or regional school bookkeeper should open the statements in order to review signatures and to ensure no deposits are being made other than the reimbursement checks. A member of the organization prepares the monthly bank reconciliation of the account and forwards a copy to the parish or school office for review by the parish or school bookkeeper. The imprest account bank statement and bank reconciliation should also be reviewed by the finance council each month.

The parish or regional school bookkeeper must prepare monthly financial reports (income statement, balance sheet, and general ledger) for each organization with a copy forwarded to the Parish Council or School Board and Finance Council. These reports should reflect the organization's income, expenses, and balance of cash restricted to that organization. It is the responsibility of the organization to verify the accuracy of these statements.

INSURANCE COVERAGE

All parishes or locations are insured for property and liability coverage. The parish or location Finance Council should review all insurance plans annually to ensure adequate coverage for liability and special occasions, such as construction periods, festivals, etc.

This review should include adherence to the following policies and limitations:

- Each parish and location operated by the Archdiocese has liability coverage of \$500,000 for property damage and bodily injury. As part of the excess coverage that the Archdiocese carries with Catholic Mutual, all parishes or schools receive additional excess liability coverage.

- If alcoholic beverages are served on parish or location-sponsored event, the parish is required to have "liquor liability" coverage. If the event is not parish sponsored, the parish must be provided with a liability certificate including "Host Liquor Liability."

- If a parish or location is used for a non-parish or school formally organized event, the user is required to provide a certificate of coverage to the parish or location 15 days before the event or purchase special event coverage through Catholic Mutual. Their personal insurance certificate must not set forth limits of liability of less than \$500,000 or \$1,000,000 if alcohol is served. If alcohol is served, the coverage must name the Archdiocese of Louisville as an additional insured. Events of particular risk without alcohol may be required to do the same.
 - Special event coverage insurance policies are available for non-parish or school events through Catholic Mutual. Contact Brad Harruff, Claims/Risk Manager, Catholic Mutual Group, at 502-634-3310 for additional information.

- Any outside contractor who is providing a service to the parish or location must provide certificates of statutory Workers' Compensation and Liability Coverage before any work is authorized. **For Liability Coverage, the limit must be a minimum of \$1,000,000 and the parish or location must be listed as an additional insured on the certificate of insurance.** (examples: Pest Control, Cleaning Contractors, Plumbers, Electricians)

- Special events which have booth rentals must have each renter sign a Hold Harmless Certificate. See appendix Facility Usage/Indemnity Agreement.

- If the parish is having an event that involves medical personnel, Catholic Mutual must be called for additional requirements.

- Parishes or locations automatically receive \$100,000 crime coverage. All accidents or claims must be reported immediately. Property and liability claims must be reported to the Catholic Mutual Risk Management Service office, contact Brad Harruff at 502-634-3310.
- Each priest must furnish to the Vicar for Priest an insurance certificate indicating proof of minimum personal automobile coverage of \$500,000 for each of the following: liability, bodily injury, uninsured motorist, and underinsured.

INTERNAL CONTROL

Internal control refers to the policies and procedures that the parish or school establishes to provide reasonable assurance that assets, both physical (property, cash, personnel) and intangible (reputations) are safeguarded, that accountability is achieved, and that errors are held to a minimum. Internal controls play an important role in preventing and detecting fraud. In order to obtain optimum internal control, the following issues must be addressed:

1. Healthy Financial Environment

The pastor, pastoral administrator, or school administrator and parish or school leadership, including the parish council, school board, and finance council, must commit to establishing and monitoring effective financial policies and procedures. All persons, either volunteers or paid employees, who accept responsibility for the raising of funds, the spending of funds, or custody of the material goods of the parish or school also accept responsibility to abide by the internal financial controls established by the parish or school. However, it should be clearly understood that the pastor, pastoral administrator, or school administrator is ultimately responsible for the sound fiscal management of the parish or school.

2. Organizational Structure

The proper allocation of responsibilities and authorization of transactions is essential to good internal control. In general, no one person should be responsible for handling all phases of a transaction. For example, a person who authorizes a transaction should not record the transaction nor should that person have custody or control over the asset. Other examples of transactions that should be segregated include:

- Handling cash receipts, recording cash receipts, and reconciling bank accounts
- Authorizing payment of wages, preparing payroll, approving payroll, preparing payroll entry, approving payroll entry, and reconciling the bank account
- Authorizing expenditures, verifying invoices and preparing checks in payment of invoices (especially employee reimbursements)
- Preparing checks and signing checks
- Counting the collection and recording the deposit in the records or posting to the individual donors' accounts

Staff size may limit a parish or school's ability to separate duties in practice. In some smaller parishes or schools, the bookkeeper may perform most of the procedures on a monthly basis. In those instances, the ability of the bookkeeper to authorize and execute transactions should be limited to the greatest extent possible. To the extent that otherwise appropriate separation of functions is not practical, the Finance Council and/or audit committee's procedures should be performed with the objective of offsetting the resulting deficiencies in the internal control structure. Additionally, the pastor, pastoral administrator or school administrator should be reviewing the information and signing off on the document being reviewed.

3. Parish or School Accounting System

Most financial information needed by the parish or school comes from the accounting records. The information, to be of maximum value, must be reliable, complete, and available as quickly as possible. Documentation should be maintained to support/substantiate all transactions. The policy entitled "Accounting System" should be used for specific information regarding acceptable accounting practices for the Archdiocese of Louisville.

4. Policies & Procedures Manual

A good internal control system must include certain policies and procedures as related to the financial transactions of the parish or school, such as how to handle cash receipts, disbursements, bank reconciliations, etc. The Archdiocesan Policies and Procedures Manual should be followed at each parish or school. If desired, parish or schools may establish more stringent policies and procedures than those described in the Archdiocese Policies and Procedures Manual.

INVESTMENTS

Effective January 1, 2002, outside investments are not permitted (including savings, money market and certificates of deposits). Archdiocesan organizations, parishes, or schools must invest excess funds in the Archdiocesan Deposit and Loan Fund, which is described below.

Grandfather Clause

If a parish or school received written approval from the Archbishop prior to January 1, 2002 to invest outside of the Archdiocesan Deposit and Loan Fund, those investments may be maintained. However, no new monies may be added to those investment accounts.

- Since parishes or schools are not separately incorporated under civil law, but are part of the Corporation Sole, all investments must be registered in the name of "Roman Catholic Bishop of Louisville, a corporation sole, for the use of "Name of Parish or School". All investments must be listed on the parish or school's balance sheet.
- All securities, especially those, which are not registered, must be kept in an adequate safe, a bank deposit box, the safekeeping department of a federally insured bank, or sent to the Chancery for safekeeping. The pastor, pastoral administrator, or school administrator must retain custody of bank safety deposit box keys and be present whenever the box is entered. The pastor, pastoral administrator, or school administrator must also retain an inventory of the contents of a safety deposit box. Securities such as U.S. Treasury bills and bonds, corporate stocks and corporate bonds are recorded on the parish or school balance sheet at cost.

Archdiocesan Deposit & Loan Fund

The Archdiocesan Deposit & Loan Fund is essentially an internal bank or depository account for excess or reserve funds of parishes, schools, organizations and institutions within the Archdiocese. It was established so that parishes or schools with excess funds could assist parishes or schools that needed money for construction and development needs.

The Chancery Finance Office under the supervision of the Archdiocesan Finance Council administers the Fund. Funds that are placed on deposit are guaranteed by the Archbishop and earn a risk free rate of return. The money placed on deposit is made available to parishes or schools for low interest loans. All loan applications are reviewed by the Archdiocesan Finance Council and approved by the Archbishop.

Interest rates on both deposits and loans fluctuate according to economic conditions. Check with the Chancery Finance Department for current rates. The minimum interest rate paid on deposits is .50%. Funds generated by the rate spread are used to cover the risk of loan defaults. When requesting a withdrawal of \$50,000 or more from the Archdiocesan Deposit and Loan Fund, please provide a minimum of a 10 day notice.

Forms for savings deposits, savings withdrawals or loan payments are available in *Appendix – Accounting Sample Forms/Reports.*

- **Deposit & Loan One Time EFT Authorization Agreement.**
- **Deposit & Loan Recurring EFT Authorization Agreement.**
- **Deposit & Loan Withdrawal by Check Form.**
- **Deposit & Loan Parish/School Transmittal Form.**

LOANS

Parishes or schools are not permitted to secure financing from outside commercial lenders without the written permission of the Archbishop.

The Archdiocese makes building related loans to parishes or schools through the Archdiocesan Deposit and Loan Fund. This Fund is essentially an internal bank or depository for excess or reserve funds of parishes and institutions within the Archdiocese of Louisville. The Fund is administered by the Chancery under the supervision of the Archdiocesan Finance Council. All loan applications are reviewed by the Archdiocesan Finance Council and approved by the Archbishop. Interest rates on new construction or building loans can be obtained from the Chancery Finance Department.

In emergency situations, a parish experiencing cash flow shortages may request an operational loan from the Archdiocese. Any request must be made in writing to the Archdiocesan Chief Financial Officer and approved by the Archbishop.

If a loan is for renovation or new construction project, the parish or school must first follow the guidelines set forth by the Archdiocesan Building Commission and Finance Council (See policy entitled Renovations/New Construction). Loans for major renovations and new construction must be fully secured by parish or school savings and/or capital campaign pledges.

All loans must fit within the financial ability of the parish or school to pay. In general, projected operating surpluses will not be considered as security for a loan and loan repayment periods cannot exceed seven years.

A loan may not be approved for a parish or school that is not current in its obligations to the Archdiocese. These obligations include, but are not limited to:

- Filing of Parish or School Financial Statements
- Payment of Parish or School Assessments
- Compliance with Personnel Policies
- Compliance with Financial Policies
- Compliance with Audit Findings

Loan applications must be made directly to the Archdiocesan Chief Financial Officer. They must include, but are not limited to:

- Total cost of project with rationale requested for loan;
- Statement of cash and pledges on hand - careful consideration will be given to the percentage of cash to the total cash and pledges. It is recommended the project has 50% of cash before commencing;
- Cash forecast demonstrating ability to repay the loan;
- History of previous loans and explanation of any unpaid loans.

MASS STIPENDS

Mass Stipends are to be treated as non-assessable parish income. In lieu of stipend income, the priests' salary scale was increased, and this is reflected in the Priests' Compensation Schedule. Please refer to Priests' Compensation Schedule for more information.

Mass stipends should not be confused with stole fees, which are fees charged for baptisms, weddings, funerals, etc. If stole fees are collected, they should be deposited into the general parish checking account and also recorded as income to the parish which is subject to assessment.

Following is a list of the various stipends and an explanation of the operating procedures associated with each:

Stipends Restricted to an Individual Priest

Priests may receive stipends that require that the individual priest fulfill the Mass obligation (c.f., c. 945). These stipends and Mass intentions are the responsibility of the priest. It is not necessary for the parish to be involved in the record keeping or payment of these types of stipends.

Stipends given to a Parish for Mass Intentions

Stipends that are given to the parish for the celebration of Mass are the responsibility of the pastor or pastoral administrator of the parish. The pastor or pastoral administrator must maintain a special book in which he lists the number of Masses to be celebrated, the intention, and the date the Mass was celebrated (c.f., c. 958, §1). Should the pastor or pastoral administrator leave the parish, the intentions remain with the parish and become the responsibility of the new pastor or pastoral administrator. Upon receipt, mass stipends for intention offerings are recorded as parish income using account number 1603 Mass Stipends. Mass stipends are considered non-assessable income.

- The Archbishop, either personally or through others, is obliged to examine the Mass Intention book at least annually (c.f., cc. 957, 958, §2).
- If an offering is made without an indication as to the number of Masses to be celebrated, the number is to be computed according to the amount set by the Archdiocese, which is \$10.00 (c.f., c. 952).

- Individual Mass stipends cannot be combined into a single offering and celebrated with one Mass (c.f., c. 948). However, in cases in which the people making the offerings have been explicitly informed prior to their offering and have freely consented to combining their offerings into a single offering, their intentions can be satisfied with a single Mass celebrated according to a "collective" intention; the celebrant may keep no more for himself than the usual amount of a single Mass offering (c.f., c. 951; *Mos iugiter*, 1991). The place and time for the celebration of this Mass, which is not to be more than twice a week, must be made public.

Mass intentions sent to the Chancery, missions, or other parishes/priests

Mass intentions that cannot be satisfied within one year should be transferred to the Chancellor's Office for distribution to other priests (c.f., cc. 953, 956). In every case, the intention of the donor must be respected (c.f., c. 954).

This is accomplished by issuing a check with an accompanying list of the intentions to the Chancellor's Office. Compute the number of intentions by the amount set by the Archdiocese, which is \$10.00. This transaction will be recorded as a Contra Income Account to the parish using account number 1604 Mass Stipends Transferred Out.

Mass for the People

Pastors are obligated to celebrate one Mass a week for the people of the parish or school (c.f., c. 534).

NEW PARISHES/MERGED PARISHES

The formation of a new Catholic Parish to service the Archdiocese of Louisville is extremely costly. To assist in the development, the Archdiocese, subject to the approval of the Finance Council and Archbishop, will provide a grant to reduce some of the purchase price of the land/real estate. The maximum amount of a grant given by the Archdiocese, with final approval by the Archbishop or unless amended by the Archbishop, is limited to 25% of the purchase price of the land/real estate not to exceed \$500,000.

This policy applies to the creation of all new parishes and all merged parishes that are relocated and established in a new geographical area to serve a 'regional' Catholic population.

Merged Parishes

Merged parishes can be defined as two or more parishes combining to form one religious community. According to Canon Law Section 121, all goods and property formerly belonging to the distinct parishes revert to the new parish. Likewise, all existing debts and liabilities pass from the formerly existing parishes to the one new parish. Therefore, ecclesiastical goods and obligations remain those of the new parish. Should the new parish wish to sell some of the property or goods belonging to the former parishes, it is free to do so, taking into consideration the canonical limits of alienation.

The above grant of assistance from the Archdiocese is only available to merged parishes that relocate to a new geographical area.

ORGANIZATIONS' RELATIONSHIPS WITH PARISH/SCHOOL

Below is a list of clubs and organizations and their relationship with parishes/schools.

Parent Teacher Organization (PTO)

The PTO is a ministry of the school. The PTO's activity should be monitored by the school administrator and finances reported on the school balance sheet and income statement. If the PTO has an imprest checking account the school administrator or pastor should be one of the signers on the account. The PTO can use the parish/school Federal ID and sales tax exemption.

St. Vincent dePaul (SVdP)

The SVdP organization is a parish ministry which is affiliated with a local/national corporate office. The SVdP organization's activity should be monitored by the pastor or pastoral administration and reported on the parish balance sheet and income statement. If SVdP organization has an imprest checking account the pastor or pastoral administrator should be one of the signer on the account. The SVdP organization can use the parish/school Federal ID and sales tax exemption.

Boy Scouts

The Boy Scout organizations are parish ministries organized with the assistance of the Archdiocese of Louisville Youth Ministry Office. This Boy Scout organization is affiliated with a local/national corporate office. Locally that is the Lincoln Heritage Council, BSA. The pastor should appoint a Chartered Organization Representative who signs a Charter with the local Boys Scouts of America. The organization is required to follow the policies and procedures set forth in this manual. A guideline for the Boy Scout organizations can be located on the Archdiocese website under finance forms.

Girl Scouts

The relationship with the Girl Scouts is being reviewed and the policy will be updated upon completion of the review.

American Heritage Girls

The relationship with the American Heritage Girls is being reviewed and the policy will be updated upon completion of the review.

4H

The 4H program is affiliated with the University of Kentucky Cooperative Extension Program. They can meet or hold functions on school property as long as they have provided the school with a Certificate of Insurance (with the required limits) naming the school as the additional insured. They cannot use the school Federal ID or sales tax exemption. Their funds should be maintained by the organization and not consolidated with the parish/school.

Alcoholics Anonymous (AA)

The AA program is a self supporting organization that should have their own Federal ID and tax exempt number. They can meet or hold functions on parish/school property as long as they have signed a rental agreement with the parish/school and provide a Certificate of Insurance (with required limits) naming the parish/school as the additional insured. They cannot use the parish/school Federal ID or sales tax exemption. Their funds should be maintained by the organization and not consolidated with the parish/school.

If you have a club or organization that is not listed above and do not know the relationship they have with the parish/school, please submit the organization name to the Archdiocesan Chief Financial Officer in writing.

PAYROLL ISSUES

The Internal Revenue Service specifies certain reporting and income tax withholding requirements on compensation paid to any individual. These requirements are outline below:

1. How to determine the status of your employees (including IRS questions)
2. Reporting requirements for employees and non-employees
3. Clergy Payroll Tax Table

The above can be found in the Appendix – Personnel Sample Forms/Reports.

Timesheets

All parish or school employees must submit timesheets prior to each pay period. These timesheets should include:

- Employee's name
- Hours worked during pay period, including time off for vacation, sick days, holidays, personal time, etc.
- Employee's signature
- Supervisor's signature

Employees Eligible for Overtime

The determination of who is exempt or non-exempt from overtime wages according to wage and hour regulations decided by state and federal law. Salary rate, job description, and education are the determining factors. Determination of employee eligibility for overtime pay can be confusing in some situations. For more detailed guidance, refer to the U.S. Department of Labor's web site at www.dol.gov/esa/whd/, or call the Chancery Office of Personnel & Planning for assistance.

Hourly workers must indicate actual hours worked during the pay period. Salaried employees should indicate the normal number of hours worked for a full day, e.g., 8 hours per day. A code should be used to indicate time off for all employees, such as:

V = Vacation Day
S = Sick Day
P = Personal Day
L = Unpaid Leave
O = Other, explain on timesheet

Payroll

The Archdiocese of Louisville has contracted with Paycor to provide payroll processing services. Paycor is responsible for all payroll tax filings, including annual Forms W-2.

The Archdiocese payroll calendar must be followed for payroll processing.

PERSONNEL FILES

A personnel file must be maintained for each employee. This file should include the following information:

- Completed and signed W-4 form
- Completed and signed K-4 form
- Completed Benefit Enrollment Form
- Personnel Policies Acknowledgement Receipt
- Current salary and salary history
- Position Job Description
- Record of time used for time off, such as vacation, sick days, personal days, etc.
- Criminal Records Check report
- Certificate of attendance at Safe Environment Training Program (Appendix E-Church Personnel Acknowledgement Card)
- Phone number of contact in case of emergency

I-9 forms for each employee are to be kept together in a separate folder.

These personnel files must be safeguarded from unauthorized review. However, any employee may review the contents of his/her file upon request.

Please refer to the manual provided from the OLFE office for any additional information required for the maintenance of teachers' personnel files.

NOTE: Superseded forms (W-4, K-4, Benefit Enrollment Forms, etc.) should be removed from the active personnel file and maintained in an archive file that is carried forward each year.

An Employee Personnel Files Checklist is available in *Appendix – Personnel Sample Forms/Reports*.

PERSONNEL POLICIES

Separate publications have been issued regarding the following policies:

- Personnel Policies and Procedures Manual (*)
- RESTORING TRUST: The Sexual Abuse Policies of the Archdiocese of Louisville(*)
- Handbook for Catholic Schools (*)
- Position Descriptions and Salary Ranges
- Priests' Compensation Manual
- Archdiocesan Safety Guidelines (*)

(*) These documents are available on the Archdiocese of Louisville website, www.archlou.org.

Each parish or school should have copies of these documents on file. Additionally, employees should review and receive copies of the Personnel Policies and Procedures Manual.

All personnel hires, terminations, or work force reductions has to be performed in conjunction with the Chancery Human Resources/Personnel office staff. There will be no exceptions.

PETTY CASH/CASH DRAWER

Petty Cash

The parish, school and/or its organizations may have petty cash accounts up to a maximum of \$250 for small parishes/schools and \$500 for large parishes/schools.

A designated individual must be appointed custodian of the funds. This individual must ensure that the funds are kept secure in a locked safe if not deposited each day.

No money should be taken from the fund without a voucher/receipt. The voucher/receipt should indicate the purpose of the expenditure and must be signed by the recipient.

Petty Cash should only be used for minor business related expenses, usually less than \$25.

When the fund gets low, a check request with original receipts attached should be completed and submitted to parish/school bookkeeper. Each receipt should have the purchasers name, approval signature and account the items will be expensed to. Reimbursement checks should be issued to St. XX Petty Cash Fund/ custodian's name.

All petty cash funds should be listed on the parish or school balance sheet.

To maintain a petty cash account greater than \$250 for small parishes/school or \$500 for large parishes/schools, approval from the Archdiocesan Chief Financial Officer must be obtained in writing.

Cash Drawers

Gym concessions can have cash drawers up to a maximum of \$500.

School cafeteria's can have cash drawers up to a maximum of \$100.

Special Events can have cash drawers in amounts needed to make change for the event.

All cash drawers should be listed on the balance sheet. When the funds are turned back in to the office, the cash drawer account should then be removed from the balance sheet.

All deposits should follow the Receipts Policy.

Verification

All petty cash and cash drawers should be randomly verified (cash counted along with any receipts and checks to the amount on the balance sheet) at least once a year by two individuals who are not custodians of the accounts. Findings from this review should be reported to the pastor, pastoral administrator, or the school administrator.

POLITICAL CAMPAIGN ACTIVITIES AT ARCHDIOCESE FACILITIES

The Archdiocese of Louisville maintains status as a Non-For-Profit organization under section 501 (c) (3) of the Internal Revenue Code. The archdiocese, parishes, schools, agencies, and organizations included under this tax ruling may not participate or intervene in political campaigns on behalf or in opposition to any candidate for political office and the following restrictions must be strictly observed:

- 1) No direct or indirect statements, verbal or written, may be made supporting or opposing any candidate for public office.
- 2) Financial support may not be given to any candidate, political action committee, or political party. This includes: monetary donations, use or rental of facilities, volunteers, mailing lists, and solicitations on behalf of candidates, political action committees, or political parties.
- 3) Distribution of literature supporting or opposing a candidate is prohibited on archdiocesan, parish and school property, or as any part of your work activities.
- 4) Invitations and visits from incumbent officeholders or candidates to church or archdiocesan property may not be accepted during a political campaign.

This policy is not intended to limit your right to free speech, which may be exercised during nonworking hours with the understanding that any partisan conduct on your part is in no way on behalf of the Archdiocese of Louisville.

Additional guidelines are found in Political Activity Letter-Catholic Conference of Kentucky which is located in the *Appendix – Personnel Sample Forms/Reports*.

POSTAGE

Postage stamps must be locked in a safe and secure location. For facilities using postage meters, access to the meter must be controlled.

Each archdiocesan organization, parish, or school should consider the purchase and use of a third class or non-profit bulk mailing permit. Bulk mailing permits require a minimum pre-deposit at the post office. However, the savings could be substantial. Contact the U.S. Post Office for information regarding the details of purchasing these permits.

The use of a bulk mailing permits and/or regular postage stamps should be allocated to organizations according to use.

Postage stamps and postage meters should be used for business use only.

PROPERTY/DEPRECIATION – PARISH OR SCHOOL

All parishes or schools must maintain the following information in order to safeguard parish or school property from theft and to provide for insurance recovery in the event of fire or other destruction or disappearance.

- List of furniture, furnishings and equipment owned by the parish or school -- indicate dates acquired, cost (or value if donated) and location. Property controlled by various parish or school organizations should be included. If the parish or school has no list, an inventory should be taken and acquisition dates and costs should be estimated.
- List of items owned by the pastor, pastoral administrator, and/or associate pastor
- Copies of paid invoices for major purchases should be kept in a permanent file that is carried forward from year to year.
- Valuables, such as paintings and sculpture in the church, should be photographed (or videoed) and appraised periodically.
- List of all persons who have keys or card access to the premises should be maintained.

The above information should be update each year and kept in a safe or fire resistant cabinet. Additionally, a backup copy should be stored off-site.

The parish or school finance council is responsible for ensuring that property information is up-to-date and that adequate insurance coverage is being maintained.

Facility Usage

It is strongly suggested that the parish or school establish a uniform policy to state the position of the parish or school concerning facility usage (including rentals) by outside entities. The policy should address insurance, security, building access, hours of operation, responsibility of requesting party and the parish or school responsibility. It would be in the best interest of the parish or school to have a written contract in place before allowing usage of facilities by outside entities or parish or school entities. This contract should address the length of time along with the above mentioned items, and should be renewed annually to permit addressing any additional needs or items as may arise during the course of the year. Any usage contracts for the use of parish or school facilities by third parties must name the Archdiocese of Louisville as an additional insured. See Insurance Policy for more information. Hall or facility usage contracts must be reviewed by the Chief Financial Officer and the Archdiocese Director of Facilities.

For information on leasing parish or school facilities see Real Estate Transactions – Rental/Purchase policy.

Parish or School Property

Parish or school property should be recorded on the balance sheet as follows:

- Land - Land should be recorded at cost. If the cost is not available or if the land was donated, it should be initially recorded at fair market value per the most recent insurance appraisal.
- Land Improvements - Long-term land improvements such as sidewalks, roadways or major landscaping projects should be recorded as a fixed asset. The item(s) should be added to a depreciation schedule.
- Buildings - Buildings currently owned by the parish or school should be recorded at cost. If the cost is not available, use the most recent insured value. The cost of new buildings, construction of buildings or substantial improvements to buildings should be recorded as a fixed asset. The item(s) should be added to a depreciation schedule.
- Equipment & Furniture - Equipment and furniture currently owned by the parish or school should be recorded at cost. If the cost is not available, use the insured value. The purchase of any new equipment or furniture over \$1,000 should be recorded as a fixed asset. The item(s) should be added to a depreciation schedule.

Computing and Recording Depreciation

Depreciation should be recorded for fixed assets monthly no less than annually, using the straight-line method. PDS Ledger has a fixed asset module to track and depreciate fixed assets or an excel spreadsheet can be used to track fixed assets and depreciation. The monthly depreciation entry is to debit the appropriate department/cost center depreciation expense and to credit the accumulated depreciation category on the balance sheet, i.e., Accumulated Depreciation - Furniture and Equipment.

Category useful lives to be used are:

❖ Land	No depreciation
❖ Land improvements	15 years
❖ Buildings	40 years
❖ Building Improvements	15 years
❖ Furniture, furnishings and equipment	7 years
❖ Computers, printers, servers, etc.	3 years
❖ Computer software	3 years
❖ Autos	5 years

REAL ESTATE TRANSACTIONS – RENTAL/PURCHASE

The Archbishop must approve and sign all real estate transactions. These include but are not limited to:

- All contracts for the purchase or sale of property;
- Deeds of transfer of property;
- Granting of easements or leases of parish or school property;
- All contracts by the parish or school to purchase or lease property or equipment from third parties.

Before being approved and signed by the Archbishop, or his designee, all contracts and deeds must be submitted to the Chief Financial Officer and Director of Facilities for review.

The Archdiocese Finance Office and Facilities Office will assist in developing agreements or renewals as needed. The Archbishop's advisors will assist with legal counsel in this regard. Copies of each agreement and renewals should be on file at the Chancery.

Two sample leases are available in *Appendix – Facilities and Property Forms/Agreements*. These are sample forms to be filled in to the best of the parish's ability and submitted to the Chief Financial Officer and Director of Facilities for tailoring to the parish's specific need.

RECEIPTS

All receipts must be deposited into the parish or school bank account that must be held in a federally insured bank. Deposits must be made on a timely basis. No funds, checks, cash or other forms of collateral should be allowed to stay unprotected in the rectory, school, or other site. If funds are not deposited they should be locked in a safe that is bolted to the floor. Tamper evident bags should be used for securing receipts when transporting or when storing in the safe.

All receipts must be accompanied by a deposit slip which identifies the following:

- amount of deposit;
- ledger name/account to be credited as income and the cash account to be debited;
- date of deposit;
- source of deposit;
- signature of person verifying deposit.

A sample Deposit Form is provided in *Appendix –Accounting Sample Forms/Reports*.

Mass Collections

It is highly recommended that receipts from Saturday and Sunday Masses, as well as Holy Day Masses, be deposited after the last Mass in the bank night deposit or no later than the close of banking hours the next business day. If transporting the collection to the safe after Masses it must be in a tamper proof or locked bag. After mass collections have been counted, place them in a locked or tamper proof bag. Funds must be secured in a locked safe until they are deposited in the bank. Please note that losses of uncounted monies (i.e. cash) are not covered under insurance.

Parish or School Organizations

All receipts for parish or school organizations must be deposited directly into the parish or school general checking account. The deposits are posted to the funds restricted for that organization. The parish or school bookkeeper or the organization may make deposits. Please refer to the Imprest Accounts Policy for further information regarding parish or school organization bank accounts. Receipts collected by volunteers should be brought to the parish or school office each day for deposit into the bank or placed in the parish/school safe.

General Parish/School Receipts

All other general parish or school receipts received during the week, including tuition, should be deposited in the parish or school bank account daily. If a minimal number of receipts are received, the parish or school may delay the deposit to the following day, as long as the receipts are held in a locked safe. All mail should be opened promptly and checks must immediately be endorsed "For Deposit Only" along with the parish or school's bank account number.

Cafeteria Receipts

All receipts for the cafeteria must be deposited directly into the cafeteria checking account. The deposits are posted to the funds restricted for the cafeteria. Deposits are to be made daily.

Fund Raising Receipts

All fund raising receipts (except Charitable Gaming) should be deposited immediately into the parish or school bank account or locked in a parish or school safe until the following day. The use of tamper-proof "night deposit bags" by the organization or committee responsible for the event is highly recommended. Receipts collected by volunteers should be brought to the parish or school office each day for deposit into the bank or placed in the parish/school safe.

Charitable Gaming Receipts

Government regulations require that a separate account be maintained for Charitable Gaming funds. All Charitable Gaming receipts should be deposited directly into this account immediately following the Charitable Gaming Event. The use of tamper-proof "night deposit bags" by the organization or committee responsible for the event is highly recommended. Receipts collected should be deposited into the bank night drop or placed in the parish or school safe each day.

Credit Cards

Note: Be aware there are a large number of security procedures and requirements that MUST be implemented for processing receipts of credit cards.

Each parish/school will need to determine if accepting credit card payments is within the mission of the parish/school. Adequate security measures must be implemented to secure and guard the personal information obtain. The parish/school will need to set forth a policy stating the following:

- What will credit card payments be accepted for (examples: athletic fees, tuition, stewardship)? If used for tuition, refer to Tuition Policy for more requirements.
- Who will be responsible for the fees associated with the credit cards (example: Parish/school organization, parish/school, or parishioner)?
- What limits will be accepted for payments?

Credit card terminals must be in a secure location at all times and must be locked up after working hours. If accepting payment through the parish/school website, the website must be secure and the information not accessible to unauthorized individuals.

Segregation of duties needs to be implemented. The person taking the payments, tracking the receipts and reconciling the receipts needs to be different individuals.

Receipts must be reconciled with the credit card billing statement and the bank statement each month.

For more information and security requirements please visit the Federal Trade Commission (FTC) website <http://www.ftc.gov/> . Make sure you are familiar with the Fair and Accurate Credit Transaction Act of 2003 and the Fair Credit Reporting Act.
Electronic Funds Transfer (EFT) and Automatic Clearing House Transactions (ACH)

A written agreement must be obtained from the parishioner or school parent with their banking information authorizing the parish/school to withdraw a stated amount of funds on a specific date of the month for a specified amount of time. **Note:** New agreements must be obtained when the specified amount of funds or length of time of the withdrawal changes.

The bank account information must be maintained in a secure location and not accessible to unauthorized individuals.

For more information visit the Federal Trade Commission (FTC) website <http://www.ftc.gov/>. Make sure you are familiar with the Electronic Fund Transfer Act.

Each parish/school may develop internal policies that are more stringent if desired.

RECORD RETENTION

The following record retention schedule based on IRS and GAAP guidelines should be used as a guide for determining the length of time records/files should be maintained. These files can be kept as hard copies or electronic copies. We encourage the use of electronic copies when available.

TYPES OF RECORDS

RETENTION PERIOD

Accounting

Audit reports	Permanently
Bank statements and deposit slips	6 years
Bank reconciliations	6 years
Budget Papers	3 years
Cancelled checks (checks for important payments, e.g., taxes, purchase of property, etc., should be filed with the papers pertaining to the transactions and kept permanently)	3 years
Ledgers/Journals	Permanently
Financial statements (year-end)	Permanently
Financial statements (monthly)	3 years
Vouchers/Invoices/Journal Entries (non-fixed asset)	3 years
Vouchers/Invoices/Journal Entries (for fixed asset purchases/donations)	Permanently

Correspondence

General	2 years
Legal and tax	Permanently
Support for endowment contributions	Permanently
Acknowledgement of contributions	4 years

Payroll

Disability and sick benefits	Permanently
Earnings Records	3 years
Personnel files (terminated)	Permanently
Retirement and pension records	Permanently
Time sheets/cards for employees	3 years

Property/Insurance

Accident Reports (Settled)	7 years
Claims (after settlement)	10 years
Deeds and easements	Permanently
Insurance policies (expired)	4 years
Inventory lists	Permanently
Mortgages, notes, leases	Permanently
Property appraisals	Permanently

Other

Charitable Gaming records	3 years & current yr.
Minutes from parish council, finance council, parish or school organization meetings	Permanently
Contribution records (census, listing of annual donation by parishioner)	Permanently
Contribution envelopes/remittance forms	April 15th of next calendar year

RENOVATIONS/NEW CONSTRUCTION

Archdiocesan parishes, schools, cemeteries and organizations must obtain approval from the Archbishop before beginning:

- Any project amounting to the sum of \$20,000 involving:
 - Constructing a new building;
 - Renovating an existing building;
 - Demolishing an existing structure;
 - Changing the interior or exterior of a church building (including painting);

- Any project involving:
 - Repairing a building which alters the space or ambiance of the structure;
 - Purchase of property and/or furnishings;
 - Any interior changes to the church.

A project may not be approved if a parish or school is not current in its obligations to the Archdiocese. These obligations include, but are not limited to:

- Filing of Parish or School Financial Statements;
- Payment of Parish or School Assessments;
- Compliance with Personnel Policies;
- Compliance with Financial Policies;
- Compliance with Audit Findings.

PROJECTS UP TO \$100,000

Requests for projects up to \$100,000 must be submitted in writing by the pastor, pastoral administrator, or school administrator to the Archbishop with copies to the Chief Financial Officer and Director of Facilities for review and approval. Project requests must include a description of the project, estimated cost including copies of a minimum of three (3) bids or an explanation of how the estimate was determined, source of funding, and a copy of the Parish Council, Finance Council and/or School Board minutes indicating their review.

PROJECTS OVER \$100,000

Procedures follow for major projects over \$100,000:

- **See policy WITH A CAPITAL CAMPAIGN;**
- **See policy WITHOUT A CAPITAL CAMPAIGN.**

NOTE: Policies regarding Archdiocesan loans and repayments are located under the policy entitled "**LOANS**".

**ARCHDIOCESE OF LOUISVILLE
RENOVATIONS/NEW CONSTRUCTION
MAJOR PROJECT WITH A CAPITAL CAMPAIGN**

TASK CHECKLIST	Avg. Time Required to Process	Parish or School Time Line	Date Completed
<p>FEASIBILITY STUDY:</p> <p>1. Pastor, Pastoral Administrator, or School Administrator in consultation with Parish Council or School Board writes Archbishop explaining the need and requests permission to proceed with a Preliminary Planning and Feasibility Study for the project. Letter should include estimated costs for work associated with the preliminary planning such as contracts for schematic drawings or design work and the cost of Feasibility Study.</p>	1-2 weeks		
<p>2. Upon approval by Archbishop, the Pastor, Pastoral Administrator, or School Administrator appoints a Project Planning Committee to develop a preliminary project plan to include designs, cost estimates, and project funding. In addition, Pastor, Pastoral Administrator, or School Administrator contacts Archdiocesan Stewardship & Development Office for guidance to initiate a Feasibility Study for a Capital Campaign.</p> <p>Note: Parishes using a professional fundraising firm for the study and campaign must obtain the Archbishop's approval before retaining the firm.</p> <p>3. Feasibility study is designed, conducted, and results compiled.</p>	4-6 weeks		
<p>4. Parish Council, Finance Council, and/or School Board recommends to the Pastor or Pastoral Administrator whether to proceed (or not) with project based on results of Feasibility Study.</p> <p>5. Pastor, Pastoral Administrator, or School Administrator report findings of Feasibility Study to Archbishop and requests permission to conduct a Capital Campaign.</p> <p>6. Archbishop reviews Feasibility Study and approves request to conduct a Capital Campaign.</p>	1-2 weeks		
<p>CAPITAL CAMPAIGN:</p> <p>7. Parish or School conducts Capital Campaign and Project Planning Committee should consult with Archdiocesan Director of Facilities for assistance with selecting contractors for bids and reviewing bids/proposals.</p> <p>8. Parish or School Capital Campaign Committee develops a preliminary plan including pro forma financial information following completion of Capital Campaign.</p>	8-12 weeks		

<p>9. Pastor, Pastoral Administrator, or School Administrator/Capital Campaign Committee reviews results of Capital Campaign and revises project as required.</p> <p>10. After review of the preliminary plan by the Parish Council or School Board, the Pastor, Pastoral Administrator, or School Administrator submits a completed questionnaire, schematic designs, and cost estimates to the Archdiocesan Building Commission for review and approval.</p>	4 weeks		
<p>11. Upon approval by the Archdiocesan Building Commission, the Project Planning Committee prepares a final project plan including architectural drawings and specifications, and project bids (minimum of 3). Pastor, Pastoral Administrator, or School Administrator then presents the final project plan to Parish Council, Finance Council, and/or School Board for review.</p>	2 weeks		
<p>12. Following review, the Pastor, Pastoral Administrator, or School Administrator submits final project plan and results of Capital Campaign to the Archbishop for his approval. This submission should include:</p> <ul style="list-style-type: none"> • Description of the final project plan • Project cost (including copies of bids, minimum of 3) • Details of funding for the project • Loan application, if required • Gift and pledge information for verification <p>13. Archdiocesan Finance Office analyzes loan application and verifies pledge sample for Archdiocesan Finance Council.</p>	4 weeks		
<p>14. Archdiocesan Finance Council reviews project and loan application and makes recommendation to the Archbishop.</p> <p>15. Archbishop approves loan and he (or his designate) signs all project related contracts.</p>	2 weeks		
<p>PROJECT COMMUNICATION STATUS:</p> <p>16. During construction, pastor, pastoral administrator, or school administrator notifies the Chief Financial Officer of any increased costs and submits change orders affecting design to the Director of Facilities for the Archdiocese.</p>			
<p>17. Pastor, Pastoral Administrator, or School Administrator notifies Chief Financial Officer when project is completed.</p>			
<p>18. Pastor, Pastoral Administrator, or School Administrator/Capital Campaign Committee prepares two copies of “as built” drawing. One copy is given to the Director of Facilities for the Archdiocese and the other is kept at the parish or school.</p>			

**ARCHDIOCESE OF LOUISVILLE
RENOVATIONS/NEW CONSTRUCTION
MAJOR PROJECT WITHOUT A CAPITAL CAMPAIGN**

TASK CHECKLIST	Avg. Time Required to Process	Parish or School Time Line	Date Completed
PRELIMINARY PLANNING AND APPROVAL			
1. Pastor, Pastoral Administrator, or School Administrator in consultation with the Parish Council or School Board writes Archbishop explaining the need and requesting permission to proceed with preliminary planning for the project. Letter should include estimated costs for work associated with the preliminary planning such as contracts for schematic drawings or design work.	1-2 weeks		
2. Upon approval by Archbishop, the Pastor, Pastoral Administrator, or School Administrator, appoints a Project Planning Committee to develop a preliminary project plan to include designs, cost estimates, and project funding. The Project Planning Committee should consult with the Archdiocesan Director of Facilities for assistance with selecting contractors for bids and reviewing bids/proposal.	2-4 weeks		
3. After review of the preliminary plan by the Parish Council or School Board, the Pastor, Pastoral Administrator, or School Administrator submits a completed questionnaire, preliminary schematic designs and cost estimates to the Archdiocesan Building Commission for review and approval.	1-2 weeks		
4. Upon approval by the Archdiocesan Building Commission, the Project Planning Committee prepares a final project plan including architectural drawings and specifications, and project bids (minimum of 3). Pastor, Pastoral Administrator, or School Administrator then presents the final project to Parish Council, Finance Council, and/or School Board for review.	2 weeks		
5. Following review, the Pastor, Pastoral Administrator, or School Administrator submits the final project plan to the Archbishop for his approval. This submission should include: <ul style="list-style-type: none"> • Description of final project plan • Project cost (including copies of bids, minimum of 3) • Details of funding for the project Archbishop reviews the final project and consults with Chief Financial Officer, Archdiocese Finance Council, and the Archdiocesan Director of Facilities. Archbishop approves final project plan and he (or his designate) signs all project related contracts.	1-3 weeks		

PROJECT COMMUNICATION STATUS			
<p>6. During construction, pastor, pastoral administrator, or school administrator notifies the Chief Financial Officer of any increased costs and submits change orders affecting design to the Director of Facilities for the Archdiocese.</p>			
<p>7. Pastor, Pastoral Administrator, or School Administrator notifies Chief Financial Officer when project is completed.</p>			
<p>8. Pastor, Pastoral Administrator, or School Administrator/Capital Campaign Committee prepares two copies of "as built drawing. One copy is given to the Director of Facilities for the Archdiocese and the other is kept at the parish or school.</p>			

REPORTING REQUIREMENTS

Chancery Report

The Chancery requires each parish and school to submit a balance sheet and income statement and to perform the PDS upload of financial data (via the DioView transmission) twice during the fiscal year.

- For the first six months period ending December 31 submit the following reports by January 31st
 - Balance Sheet,
 - Income Statement
- For the fiscal year ending June 30 submit the following reports by August 15th
 - Balance Sheet
 - Income Statement including next year's budget for the parish, parish organizations and school
 - Assessment Worksheet
 - Parish Accountability Report

The pastor, pastoral administrator, or school administrator of each parish and school is the responsible party for these reports and, therefore, he/she must sign the checklist along with the individual responsible for preparing the report.

The format requirements and checklist can be found in the appendix under Accounting Sample Forms/Reports. Parishes not using PDS can find the manual forms under Accounting Sample Forms/Reports.

Parish/School Financial Reports

The bookkeeper should submit monthly parish/school financial reports to the pastor, pastoral administrator, school administrator, parish council, school board, and finance council. These reports should include, but are not limited to, income statements and balance sheets. These reports should show actual versus budget amounts and monthly and year-to-date amounts.

Parish/School Organization Financial Reports

The bookkeeper should prepare monthly financial reports for each parish and school organization and committee with copies to the pastor, pastoral administrator, school administrator, parish council, school board, and finance council. These reports should include an income statement, balance sheet, and general ledger. The parish and school organization or committee should review these reports. These reports should show actual versus budget amounts and monthly and year-to-date amounts.

Annual Pledges

Pledges for annual stewardship commitments should be entered into a system (PDS Office or a manual system) so that comparison reports can be generated which show the difference between amounts pledged and actual contributions posted. The stewardship committee and the parish finance council should review these reports and follow up as needed.

Cafeteria Financial Reports

A monthly report (form D-2) is due to the Chancery Food Service Office by the 5th of the following month. This form should be prepared and signed by the cafeteria manager with assistance from the parish/school bookkeeper. The D-2 and bank statements should be reviewed by the finance council quarterly. These reports should also be subject to the annual parish and school audit. Each school D-2 report not received by the 5th of the following month jeopardizes receiving the federal reimbursement for that month.

Reporting Misappropriation of Funds

Any theft or misappropriation of funds (or suspicions of such) must be reported immediately to the Chief Financial Officer, Controller, or Chancellor/Chief Administrative Officer at the Chancery. (See Report of Suspected Fraud policy) Additionally, any flagrant and deliberate violations or noncompliance by parish and school organizations of the Archdiocesan Financial Policies should also be reported.

IRS Reporting Requirements

For fund raising reporting requirements, please refer to the Charitable Gaming policy and the Disbursements policy.

Parish Accountability Report

All parishes are required to provide their parishioners with a Parish Accountability Report. A complete report, including balance sheet, income statements, budgets, and ministry/sacramental information for the reporting period, should be provided no less than annually. Parish financial information is suggested to be provided to parishioners no less than quarterly. Parishes and schools are also required to submit a copy of this report with the year-end Chancery Report.

SALES TAX

Fundraising sales and event proceeds by parish elementary schools or parish elementary school-sponsored clubs and organizations for the **exclusive support of the school** are exempt from paying sales tax, pursuant to KRS 139.497.

Fundraising sales and events by a parish or parish organization (this includes parishes that support a Regional School) would be subject to sales tax once the gross sales from these events collectively exceed the \$1,000 threshold in any given calendar year, pursuant to KRS 139.496.

The \$1,000 exemption does not apply to activities where nonprofit organizations conduct regular selling activities in competition with private business (Thrift Stores), pursuant to KRS 139.496. The Thrift Store would be required to pay sales tax on gross sales.

The following are examples of fundraising events that would require paying sales tax to the State of Kentucky if 100% of the event proceeds do not flow through the school cash account and go to exclusively support the school:

- Dinners such as fish fries, chicken dinners, turkey suppers
- Concessions at athletic events

The following are examples of fundraising events that would not require paying sales tax to the State of Kentucky if 100% of the event proceeds do flow through the school cash account and go to exclusively support the school:

- Concessions at a parish that does not have a school, but a school uses the concession stand for support to the school (proceeds have to be deposited into the school account and not into the parish account where the concessions are located)
- Concessions and gate fees for school athletic events
- Gift wrapping, candle, poinsettia, etc. sales
- Chili Suppers
- PTO sponsored events

The following do not require sales tax to be paid by either a parish or a parish with an elementary school:

- Fees received for educational, ministerial events and presentations
- Admission fees for parish or school events, including athletic events
- Games of skill
- Recycling income such as cell phones, aluminum cans
- Booth rental for events such as a Christmas Bazaar held at the parish

Important

The fundraising proceeds must be deposited into the school cash account and used exclusively for the school for the event to be excluded from paying sales tax. A parish cannot collect the proceeds and then give it to the school; the parish would still be required to pay sales tax on the gross sales of the event.

Frequently asked questions can be located on the Archdiocese website under Appendix – Accounting Sample Forms/Reports.

To obtain a sales and use tax permit contact the Division of Sales and Use Tax at (502) 564-5170 or email krc.webresponsesalestax@ky.gov Please refer to Kentucky Department of Revenue Sales and Use Tax, <http://revenue.ky.gov/business/salesanduse.htm> for more information. Additional information 103 KAR 28:010.

SPECIAL COLLECTIONS

Three guiding principles lend a clear understanding about the importance of these collections and how to provide an appropriate response to them:

1) Moral Responsibility

Our primary orientation towards the disposition of worldly goods is that commandment enjoining us to love our neighbors as ourselves. We share the understanding that we are called to exercise the preferential option for the poor and needy as a primary compulsion in our life of discipleship.

(CCC.2447) “The works of mercy are charitable actions by which we come to the aid of our neighbor in his spiritual and bodily necessities. Instructing, advising, consoling, comforting are spiritual works of mercy, as are forgiving and bearing wrongs patiently. The corporal works of mercy consist especially in feeding the hungry, sheltering the homeless, clothing the naked, visiting the sick and imprisoned, and burying the dead. Among all these, giving alms to the poor is one of the chief witnesses to fraternal charity: it is also a work of justice pleasing to God:

He who has two coats, let him share with him who has none and he who has food must do likewise. But give for alms those things which are within; and behold, everything is clean for you. If a brother or sister is ill-clad and in lack of daily food, and one of you says to them, “Go in peace, be warmed and filled,” without giving them the things needed for the body, what does it profit?

(CCC.2448) “In its various forms – material deprivation, unjust oppression, physical and psychological illness and death – human misery is the obvious sign of the inherited condition of frailty and need for salvation in which man finds himself as consequence of original sin.

This misery elicited the compassion of Christ the Savior, who willingly took it upon himself and identified himself with the least of his brethren. Hence, those who are oppressed by poverty are the object of a preferential love the part of the Church which, since her origin and in spite of the failings of many of her members, has not ceased to work for their relief, defense, and liberation through numerous works of charity which remain indispensable always and everywhere.”

(CCC.2451) The seventh commandment enjoins the practice of justice and charity in the administration of earthly goods and the fruits of men’s labor.

(CCC.2452) The goods of creation are destined for the entire human race. The right to private property does not abolish the universal destination of goods.

(CCC.2458) The Church makes a judgment about economic and social matters when the fundamental rights of the person or the salvation of souls requires it. She is concerned with the temporal common good of men because they are ordered to the sovereign Good, their ultimate end.

2) Gospel Steward Stewardship

This principal calls each of us, as Christians, to evaluate the giftedness with which God has bestowed upon us the good of the earth and of the Kingdom. According to the *Catechism of the Catholic Church*, (CCC.2402) “In the beginning God entrusted the earth and its resources to the common stewardship of mankind take care of them, master them by labor, and enjoy their fruits. The goods of creation are destined for the whole human race. However, the earth is divided up among men to assure the security of their lives, endangered by poverty and threatened by violence. The appropriation of property is legitimate for guaranteeing the freedom and dignity of persons and for helping each of them to meet his basic needs and the needs of those in his charge. It should allow for a natural solidarity to develop between men.”

Our participation in this solidarity begins, first, at home, and radiates through our parish homes to the family of all mankind. All parishes are encouraged to respond as generously as possible in giving support to these important areas of ministry within the Archdiocese and throughout the Church worldwide.

3) Canonical Observance

Flowing from the vision of the Second Vatican Council, *The Code of Canon Law* strongly encourages that we promote free-will offerings. It affirms the right of the Church to demand financial support from the faithful, but prefers that this be in the form of free-will offerings or in response to authorized appeals.

With special attention being paid to Canon 1261 and 1262, it is clear that these Canons are ordered and offered before any codes that mention taxation-by this intentional order of appearance, the *Code* commission, i.e., those who had the responsibility of actually writing the present *Code*, clearly preferred this order. Taxation is akin to the benefice system. The Council Fathers strongly advocated that the Church move away from this and toward a system that is in the spirit of subsidiarity. Free-will offerings reinforce this spirit, along with transparency and accountability. As each special collection comes up, it is important to inform the faithful of the particular need that the collection addresses.

General Recommendations

Flowing from the guiding principles and in the spirit of the Second Vatican Council, the revised policies include the following initiatives:

- 1) An educational/catechetical undertaking in the Archdiocese, with a span of 1-3 years, that relies upon the participation of pastors, parishes, and diocesan agencies that possess competency in this field. This effort will shine new light and renewed attention on these collections and on the communal and individual responsibility to offer “first fruits” as an acceptable sacrifice. This program also will include a diocesan-wide examination of “free-will” offerings and a closer look at individual and corporate giving habits.
- 2) A modification in the existing diocesan policy language, which presently mandates the threshold collection required from each parish as “equivalent to one-half or equal to an entire collection” to now reflect:
 - a) A stated preference of free-will offering.

- b) A trust in the prudent judgment of pastors/parishes who, with the diocese, will exercise and understanding of moral responsibility and gospel stewardship.
- 3) An examination of practices that are aligned with the spirit and letter of the canonical precepts regarding the acquisition of temporal goods (C. 1259-1272)
- 4) An allowance for a full calendar or fiscal year of “pilot implementation,” with an ongoing assessment of application, response, result, strengths, and deficiencies.

Special Collections Policy and Expectations

Listed below in order of its timing during the year is the name of the collection, when it is collected, and the recommended collection mechanism or minimum tithes:

Collection	Date of Collection	How Collected
Opportunities for Life	January	Free-will offering.
Black and Indian Missions	First Sunday in Lent	Free-will offering.
Catholic Relief Services	Fourth Sunday in Lent	Recommended minimum tithes of 15% of average weekend collection.
Rice Bowl	Holy Thursday	Free-will offering. Promotional materials provided by National Office.
Holy Land	Good Friday	Total collection.
Catholic Education	Easter Sunday	Recommended minimum tithes of 35% of average weekend collection. <u>Note:</u> Parishes currently participating in the Catholic Education Fund Drive are exempt from the recommended amount but are asked to consider giving a portion of the weekend collection to support Catholic education.
Catholic World Missions	Pentecost Sunday	Recommended minimum tithes of 15% of average weekend collection.
Peter's Pence Third Sunday	Third Sunday in August	Recommended minimum tithes of 15% of average weekend collection.

Catholic Higher Education	Third Sunday in September	Strongly recommended minimum tithing of 20% of average weekend collection.
Catholic Campaign for Human Development	Sunday before Thanksgiving	Free-will offering.
Retired Religious Collection	Second Sunday in December	Free-will offering
Archdiocesan Charities	Fourth Sunday in December	Must equal 50% of average weekend collection.

Other Special Collections

Society for Propagation of Faith Membership	January	This is a parish driven collection, based on individual membership responses to the national office. The total amount from a membership drive weekend collection and the membership list are to be mailed directly to the archdiocesan director of the Society for Propagation of Faith. For mission appeals associated with the Propagation of Faith, please contact the Propagation of Faith Director for all procedural matters. For other types of mission appeals, please reference the <i>Archdiocese of Louisville Financial Policy and Procedures Manual</i> .
Crusade for Children	First Weekend in June	This is not an archdiocesan-driven collection, although the proceeds from many parishes are reported to the Chancery. It is recommended that this remain a free-will offering where each parish is free to give the proceeds to its local Crusade entity or preferably report it to the Chancery.

Parish Driven Collections for Special Needs

Parishes may have special collections from time to time for any of the following needs:

- Catholic Missionary
- Religious Order or Missionary Diocese
- St. Meinrad Seminary
- Natural Disasters

These are all parish driven collections and the proceeds should be properly dispensed according to the particular need. Parishes may report the proceeds to the Chancery Finance Office for proper distribution to address the particular need.

Archdiocesan Collection Donations

The following grants given in place of special collections which come from the Archdiocese general fund and the amounts determined by the Archbishop are as follows:

- Latin American Fund
- Church in Africa
- Church in Central and Eastern Europe
- Holy See (Canon 1271)
- Catholic Communications Campaign

Remittance of the special collection (includes Crusade for Children collection)

The proceeds and/or parish donations for each special collection are to be forwarded to the Chancery via the Post Office box within 30 days. It is recommended that the parish deposit all cash donations and then write one check for the special collection and send it to the Chancery Finance Office.

Special collections are not subject to the Archdiocesan parish assessment. Therefore, the disbursement of these special collections should be recorded under the account entitled "Remittance of Collection for Non-Parish Purposes" or to a payable account so that they are not included in the gross support of the parish.

Special collection payments to the Archdiocese should be accompanied with the Transmittal Form for Parish/School Payments see *Appendix –Accounting Sample Forms/Reports*.

STOCK

A Stock Donation Form or Authorization of Stock Transfer Form can be found in the *Appendix - Accounting Sample Forms/Reports*. This form should be used for any gift of stock, to your parish or school general fund or capital campaign, or the Catholic Services annual appeal or Building of Future of Hope Campaign.

Stock Procedures for Donors

Stock Transfers - When a donor wishes to contribute stock to a parish and/or school, the transfer should be handled in one of two ways:

1. If the donor holds the stock certificate, the donor should:
 - Endorse the certificate over to the Roman Catholic Bishop, FBO (parish and/or school name).
 - Sign the certificate.
 - Deliver signed certificate to the pastor, pastoral administrator, or school administrator

Upon receipt of the signed certificate, the pastor, pastoral administrator, or school administrator should:

- Complete a Stock Authorization of Stock Transfer Form; and
- Deliver the signed certificate and the Stock Authorization of Stock Transfer Form to the Archdiocese of Louisville, Attention: Chief Financial Officer.

The CFO will:

- Sign the Stock Authorization of Stock Transfer Form indicating receipt of the stock;
- Provide a copy of the Stock Authorization of Stock Transfer Form to the parish and/or school and keep a copy for Archdiocese files; and
- Deliver the stock certificates to the Archdiocese broker who will arrange for stock to be sold and direct proceeds to the parish and/or school.

2. If a stockbroker is holding the certificate for the donor, the donor should:
 - Complete an Authorization of Stock Transfer Form
 - Send the original form and additional copy to the stockbroker. Send additional copies of the form to:
 - 1) Parish and/or school receiving the stock donation, and
 - 2) Archdiocese of Louisville, Attention: Chief Financial Officer.

Once the broker transfers the stock to the Archdiocesan account, the stock will be sold and the proceeds directed to the parish and/or school.

Acknowledgement

Stock is a non-cash contribution and should be recorded as such in the donor's contribution record as of the date of transfer into the Archdiocese account. An example of how a stock donation should be recorded is: 100 Shares of ABC Stock (Non-Cash Contribution) received on mm-dd-yyyy (date). The acknowledgement of the stock donation should describe the gift, specify the date received by the Archdiocese and not set a value on the donation. The date is provided by the Chancery Finance Office.

TRAVEL AND OUT-OF-POCKET EXPENSE REIMBURSEMENTS

An approved expense report is to be submitted to the parish or school office for reimbursement of travel and out-of-pocket business expenses. Mileage is to be reimbursed using an IRS accountable method at the IRS approved rate or other approved rate recommended by the Archdiocese.

To be an accountable method the following information pertaining to business in-town and day travel expenses is to be provided on the Mileage and Meal Expense Report:

- Date of the expenditure
- Mileage and/or Meals* amount
- Business purpose of the expenditure
- Travel destination

To be an accountable method the following information pertaining to business out-of-town and overnight travel expense is to be provided on the Conference/Meeting Travel Expense Report:

- Dates of the conference/meeting
- Conference/meeting title and purpose
- Conference/meeting location
- Business expense items (lodging, meals, transportation items, entertainment*, mileage on personal vehicle, miscellaneous**)

*Details of guests, business purpose and location must be provided.

**Details must be provided.

Detailed receipts to substantiate business expenses must be submitted; credit card receipts are not acceptable. Business mileage reimbursement for the use of employees' personal vehicle is to be made at the approved archdiocesan rate. All expense reports are to be approved in writing by the individual's supervisor or the pastor; no one may approve their own expense report.

Please refer to the Priests' Compensation Manual for reimbursement of official (work related) mileage for priests of the Archdiocese or those having assignments in the Archdiocese. An accountable method (explained above) for mileage must be used.

Two forms, the Expense Report for Conference/Meeting Travel and the Expense Report for Mileage and Meal Reimbursement, are provided in *Appendix-Personnel Sample Forms/Reports*.

TUITION/TITHING

Parishes have two options regarding the payment of school tuition/tithing:

OPTION 1: The parish establishes tuition rates for students attending school. Parents are notified that the payment of tuition is not tax deductible. The parish or school may set the tuition rate at any amount it chooses, including setting separate rates for non-member families.

OPTION 2: The parish charges no tuition nor requires a "minimum tithing" from school families. General funds of the parish are used for the operation of the school. Parents of students are not singled out for monitoring of contributions beyond what is done for all members of the parish. All contributions must be voluntary and, therefore, deductible. This option does not pertain to non-member families who can be charged tuition.

TUITION PAYMENT GUIDELINES

The Archdiocese of Louisville has taken the position regarding tuition payments that we are a pay-as-you-go system. This means tuition payment plans must be structured so that parish schools are not considered creditors. In order to do this, schools should require tuition to be paid upfront or pay-as-you-go, which may include the following:

- Annual plans where tuition is paid upfront in its entirety for the year
- Semi-annual plans
- Quarterly plans
- Monthly plans of 10 or 12-months

Parishes should **not** have tuition payment plans which allow students to attend class and be billed for their tuition later. This creates a creditor relationship between the school and the family which is subject to the Red Flags Rule enforced by the Federal Trade Commission (FTC) and is also subject to new disclosure regulations.

It is highly recommended that the school use a third party company (i.e. SMART, FACTS) for payment tuition processing.

All families should sign a tuition agreement with the school each year. The agreement should state:

- School year of the agreement
- the amount of tuition (prepayment discounts)
- the amount of financial aid
- payment method (ACH, Third party, check)
- delinquent payment policy
- statement of obligation

This agreement should be separate from the third party agreement.

The agreements should be reconciled against the payment processing system to ensure all families have an agreement and are paying tuition.

TUTORING (SCHOOL) AT ARCHDIOCESAN FACILITIES

The Archdiocese of Louisville will allow teachers presently under contract, and other active employees to work as independent contractors to operate in the schools to provide academic tutoring, and other services such as art and music lessons after hours without the liability insurance requirement with the restriction that only Archdiocesan students may be tutored at Archdiocesan locations.

These services are only those considered outside of required duties and may only be offered with the permission of the local administrator (i.e. principal or pastor).

All safe environment practices must be followed under this independent contractor policy – no exceptions. The required Code of Conduct is found in the Archdiocese of Louisville document: “Restoring Trust: The Sexual Abuse Policies of the Archdiocese of Louisville”.

Teachers should understand that they will have no coverage under the Archdiocesan Certificate should a claim be made against them personally. However, teachers may purchase insurance for personal coverage through a carrier of their choice at their own expense.

Payment for tutoring services should be handled directly between the teacher and parent. The parish/school will not be involved in fee collections or payments.