



Temporalities Manual for Parishes

Accounting and Budgeting Manual for
Parishes

Approved April 2019

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I. Introduction

The purpose of this manual is to describe the financial and accounting guidelines and procedures to account for the operations of the parishes (“parish”) within the Archdiocese of New Orleans (the “Archdiocese”). The procedures outlined are designed to meet the requirements for all parishes within the Archdiocese. This manual will provide financial and accounting guidelines that will:

- Strengthen the parish’s internal control structure to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and transactions are executed and accounted for properly.
- Enable the parish to consistently classify financial transactions which will, in turn, provide the parish with comparative meaningful financial statements that can be used to both review the past and plan for the future.
- Provide a uniform method of accounting and reporting within the parishes of the Archdiocese.
- Provide for continuity in the event of a change in the parish leadership.

Internal Controls

Internal controls are meant to provide reasonable assurance regarding the achievement of objectives on the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Fundamentally, internal controls deal with the safeguarding of assets, both physical and monetary.

Effective Date

This manual should be implemented for the fiscal year beginning July 1, 2019 and overrides any parish practices and procedures which may be in conflict with the contents of this manual.

II. Accounting Period and Method

All parishes in the Archdiocese will use a fiscal year beginning July 1st and ending on June 30th.

All parishes in the Archdiocese must prepare their financial statements using the modified cash basis of accounting. As such, all revenues and gains must be recognized when received and all expenses and losses must be recognized when paid. Parishes should record all bank accounts, custodial accounts, savings accounts and endowment accounts on their Statement of Financial Position (“Balance Sheet”). In addition, liabilities related to custodial funds (funds held for others) and any long-term debt owed to the Archdiocese should be recorded on their Statement of Financial Position (“Balance Sheet”).

Parishes **may** record accounts payable or accrued expenses, assessment liabilities and payroll liabilities on their Statement of Financial Position (“Balance Sheet”), if they prefer but it is not required.

Please note - parishes should record any purchases of long-lived assets as expenses in the period in which they are paid versus recording the long-lived assets on the Statement of Financial Position (“Balance Sheet”).

The financial statements should provide the full financial health of the Parish.

III. Accounting System

All parishes of the Archdiocese must maintain an on-site (must be kept/maintained at the parish office) computerized set of financial records such as QuickBooks (online or desktop).

IV. Chart of Accounts

Financial reports are based on the chart of accounts as their source of information. With this in mind, the Archdiocese has developed a uniform chart of accounts for its parishes.

All parishes must use the chart of accounts approved by the Archdiocese. This chart of accounts is included in *Appendix A*. Subaccounts and/or classes may be used by parishes if the approved chart of accounts does not provide for adequate detail.

Note: While sub accounts or classes are permitted, no further additions of account numbers, categories, or titles are permitted.

V. Financial Statements and Reports

Financial statements are important tools which can be used by pastors in planning and controlling all aspects of the parish’s activities. Internal financial statements should be

produced using the parish's accounting system on a monthly basis. These financial statements should at minimum include a Statement of Financial Position ("Balance Sheet") and a Statement of Activities ("Profit and Loss") (*See example Financial Statements at Appendix D*).

In addition, an analysis of budget to actual should be performed and included with the internal financial statements. To assist in the preparation of this analysis, it is important for the parish to input its budget into its accounting system.

This internal financial statement package (internal financial statements and budget to actual analysis) should be given to the pastor to review. In addition, on at least a bi-annual basis, the parish finance council should meet and review the most recent internal financial statement package.

All data for the fiscal year ended June 30th should be entered and finalized in the accounting system as of September 1st. In addition, the Archdiocese requires that each parish submit its annual financial information using a template provided which is in the same format as the chart of accounts. This template should be completed using the parish's finalized financial information for the fiscal year and is due to the Archdiocese by September 30th each year. The completed template must be reviewed and approved by the parish financial council prior to submission. The finalized financial information will be used by the Archdiocese to calculate the parish's assessment for the next fiscal year.

VI. Budgeting

A. Purpose and Importance of Budgeting

Because parish resources are usually limited and represent funds entrusted to the parish by its parishioners, pastors have the responsibility of making sure that these funds are spent wisely. The preparation of an annual parish budget can help pastors fulfill this responsibility. The pastor, members of the parish finance council and other appropriate individuals should be involved in the budgeting process.

Budgets assist pastors and other concerned parties to develop a formal plan to achieve both the short-term and long-term goals of the parish. In addition, parishes operating without budgets are prone to spend their money erratically. With a firm one-year operating budget, programs and activities are funded prior to the start of the fiscal year.

Budgets provide a foundation for the evaluation of the parish's effectiveness in meeting its anticipated goals. If variances from the budget (either positive or negative) are out of line, inquiries can be made and corrective action can be taken. Corrective action may be in the form of seeking additional contributions, cutting costs, changing personnel, etc.

Many parishes have a cash flow situation in which excess funds are available several months of the year but these funds must be maintained and used during the summer

months when attendance and giving are traditionally lower. Without proper budgeting, excess funds could be committed before the parish realizes that these funds were needed to cover costs during times of low attendance.

Based upon the above, it can be seen why it is important that all parishes prepare an annual operating budget and use it to guide operations.

B. Principles of Budgeting

The following principles should be used as a basis for your budget planning. Implementation of these principles will ensure accurate budgets and good results from the process.

1. Base the next year's budget on an accurate estimate of the current year's income and expenses.
2. Budget all figures as accurately as possible. Avoid the tendency to "pad" figures to provide for numerous contingencies. Conversely, be sure to budget enough for all planned expenses.
3. If the parish has an elementary school, the parish should not subsidize the school indirectly by failing to charge adequate expenses to the school, especially in the areas of staff and utilities. On the other hand, be sure that the school is not assessed unfairly for parish costs. Accurate pro-rations are important. (*see Exhibit I*)
4. Try to make your parish budget reflect your operations and objectives. If changes are planned, appropriate additions or reductions in expenses should be made in next year's budget.
5. Involve people in the budget planning process who need to be informed. This includes the pastor, members of the parish's Finance Council and others.

C. Financial Planning Calendar

The following sample budget calendar, based on June 30 fiscal year end, will help your parish complete its financial planning activities:

<u>TARGET DATE</u>	<u>ACTIVITIES</u>
March 31	First draft of next year's budget completed.
April 1 – 30	Budget discussed with parish finance council.
June 15	Budget finalized by the pastor and parish finance council.

Exhibit I

Proration of Joint Expenses of Parish and School

Even though the parish and school maintain separate bank accounts, there will be some instances where an expenditure will be made (from either the parish or the school bank account) which is applicable partly to the parish and partly to the school. In such instances, amounts paid on behalf of the other should be recorded and tracked through the use of a due to/from account. Settlement of all such amounts should be made by check at regular intervals (e.g., monthly). The following sample case illustrates a method for settling such jointly incurred expenses:

Assumptions

1. The parish pays the electric bill (\$1,000); based on mutually agreeable estimates of service rendered, the school is to pay 85% (\$850) and the parish is to pay 15% (\$150).
2. The school pays all janitors' salaries (\$2,000); based on mutually agreeable estimates of services rendered, the school pays 80% (\$1,600) and the parish pays 20% (\$400).

The parish will record the following for the above activity described:

Utilities expense	\$150
Due to/from school	850
Cash	\$1,000
Salaries expense	\$400
Due to/from school	\$400

At the end of the month, the school writes a single check in the amount of \$450 in settlement of the above transactions, determined as follows:

1. Payable to parish by school:	
Utility bill	\$850
2. Payable to school by parish:	
Salaries	<u>400</u>
Net Amount payable to parish by school	<u>\$450</u>

At the time of payment the following will be recorded by the parish:

Cash	\$450
Due to/from school	\$450

VII. Accounting Procedures

A. Parish Finance Councils

The Code of Canon Law (*Canon 537*) requires each parish to have a finance council. This council, governed by the norms of the Code, allows the Christian faithful to be of assistance to the pastor in the administration of parish goods.

The policy of the Archdiocese regarding parish finance councils is as follows:

“The parish finance council:

- Shall include a minimum of three members and a suggested maximum of five;
- Shall require that a quorum consist of three members;
- Its members shall be appointed by the pastor and serve a term of three years;
- Members may be reappointed for one additional consecutive term;
- All members are to be lay and preferably parishioners;
- Initial appointments shall be staggered to provide continuity of membership;
- Minutes shall be kept of each meeting;
- And there shall be at least two meetings each year.”

Members of the parish Finance Council must be Catholics in good standing and, preferably, members of the parish (as noted above); be skilled in the areas of finance, law or administration; and not be related to employees of the parish nor have extensive business relationships with the parish.

The role of the parish Finance Council should be mostly consultative. While it is expected that the pastor give due consideration to the advice of the Council, the pastor alone, in concert with the relevant regulations of the Archdiocese, has the ultimate responsibility for all decisions affecting the finances of the parish.

The duties of the parish Finance Council are to assist the pastor in (a) the preparation of annual parish budgets, (b) the review of periodic financial reports, (c) consultation on major capital expenditures, (d) advice on fundraising efforts, (e) the review and certification of movable inventories, and (f) providing aid and advice in other areas as requested by the pastor.

B. Accounting Guidelines, Systems and Records

The objectives of a parish's accounting system should be: (1) to measure and control parish financial activities and (2) to provide financial information to parish officials,

parishioners and the Archdiocese.

The accounting procedures and chart of accounts for parishes were designed with the following underlying principles in mind:

1. Complete Accountability. All parish receipts and expenditures should be accounted for.
2. Separate Accountability. Financial transactions of the parish should be separated from those of the school (*see Exhibit I*).
3. Comparability. Similar receipts and expenditures are to be recorded to the same accounts each time they are recorded; therefore, it is important that the definitions in the chart of accounts (*See Appendix A*) be followed carefully. Otherwise, comparisons of the financial operations of a given parish by years will not be meaningful.

Pastors are responsible for the adequacy of the parish's bookkeeping and financial management. The following are minimum standards that must be attained by all parishes within the Archdiocese:

1. All parish cash receipts (collections, various stipends, school reimbursements, etc.) should be deposited in a checking account which is to be maintained for the parish only. Parish funds are not to be commingled with school funds. All parish expenditures are to be made from this bank account. Parish monies received in cash should not be spent directly without being deposited into the parish's checking account, since this practice would result in understatements of both parish income and expenses.
2. All parish bank accounts should be recorded (accounted for) in the parish's accounting system (QuickBooks). This would include the parish's operating account, payroll account (if applicable), charitable gaming account (if applicable), fair account (if applicable), PayPal account (if applicable), all organization and ministry accounts (if applicable), and all archdiocesan savings accounts (*see 3 below*).
3. All short-term savings of a parish should be deposited with the Archdiocese. Parishes are paid a competitive interest rate on these funds. In addition, any long-term savings or endowments of a parish should be invested with the Catholic Community Foundation. Separate savings, money market and certificates of deposit are not allowed.
4. All receipts should be deposited as soon as possible in the parish's bank account(s). All amounts deposited should be adequately documented either on the deposit slip or a separate supporting schedule.

5. All parish expenses should be paid by check. Cash payments, except for small, miscellaneous purchases made from Petty Cash (*see 7 below*), should not be made for any expenditure.
6. An invoice, receipt, statement, bill, etc. must be retained and filed for every check written. These records and other related materials should be retained in accordance with the Archdiocese Record Retention policy (*see Archives section of Archdiocese website*). In every case, an audit trail should exist for all income received and expenses incurred within the parish.
7. A Petty Cash account may be maintained. The Petty Cash account should be reimbursed only when verified receipts are present for each item for which cash was spent. Petty Cash should be used for only very small, infrequent expenses.
8. As with bank accounts discussed in #2 above, the parish should record (account for) all accounts held at the Catholic Community Foundation in its accounting system (QuickBooks). Investment activity will be recorded in account number 4710 "Investment activity net of fees."
9. Most parishes subsidize their schools by paying the insurance owed on the school's property. This school support should be recorded in account number 5260 "School Financial Support." In addition, the parish should work together with the school financial secretary to ensure that the amount recorded as "School Financial Support" on parish's records is in agreement with the school's records.
10. Parishes may choose to record accounts payable and/or accrued expenses on their financial statements. This would include amounts owed for items purchased or services used as of the financial statement date but have not yet been paid.
11. Parishes may choose to record assessment liabilities on their financial statements. These accounts are used to record and track the amounts owed to the Archdiocese for the annual assessment (parish share and insurance).

In order to record this activity, the parish should record the total amount owed for its assessment at the beginning of the fiscal year using the entry below:

Parish Assessment Future Expense	\$XXX
ANO Balance due per Archdiocese Statement	\$XXX

Next, the parish would recognize the monthly assessment expense on its Statement of Activities (Profit and Loss) by using the entry below:

Weekly Assessments	\$XXX
Parish Assessment Future Expense	\$XXX

Finally, as payments are made toward the assessment balance owed to the Archdiocese, the parish should lower the liability to the Archdiocese using the entry below:

ANO Balance due per Archdiocese Statement	\$XXX
Operating Account	\$XXX

Entries may be recorded in the same manner as described above for the parish's flood assessment each year as well.

12. If the parish has credit cards, it should ensure that it has a proper written credit card policy in place as required by the Archdiocese. An example credit card policy and acknowledgement form is included in *Appendix B*.
13. As noted in #2 above, all parishes must record all bank accounts which were opened under their tax identification numbers on their financial statements. This includes all organization accounts that operate under the parish's tax identification number. Because the funds held in most organization accounts are being held for the members of the organization, it is believed that a corresponding organization liability should be recorded to track those funds. This treatment will result in the recording of the bank accounts on the Statement of Financial Position ("Balance Sheet") and a corresponding liability to show that the funds are being held for the organization (they are not available for the operations of the parish).
14. All parishes must record all extra-diocesan collections in the appropriate liability account (*see chart of accounts – Appendix A*). That is, when the special collections are taken, the funds collected should be recorded as a liability (amount to be sent to the Archdiocese). When the parish remits the funds collected to the Archdiocese, the payment would be recorded against the liability account to reduce the balance and zero out the account.
15. All parishes must record any outstanding loans from the Archdiocese on their financial statements. The loan account should be adjusted for payment made and interest incurred throughout the fiscal year so that the balance will properly agree with the related loan statement received from the Archdiocese at any given time.
16. The retained earnings/net assets accounts for the parish which appear on the QuickBooks Statement of Financial Position ("Balance Sheet") are the cumulative earnings/deficit of the parish. These accounts should never have any journal entries recorded to them. That is, the only time that the account balances in these accounts should change is at the fiscal year end when the net income/loss for the year is "closed out" into the retained earnings/net assets account.

C. Internal Accounting Controls

Safeguarding the parish's assets, particularly cash, is the primary objective of a parish's internal control system. This means that proper controls for the handling of all cash receipts and disbursements should be developed, maintained and periodically reviewed for compliance.

Each parish, regardless of its size, should establish the following system of internal accounting control. Implementation of these practices and procedures should substantially reduce, but not eliminate, the opportunity for misappropriation of assets.

1. General Internal Controls

- A. All parish facilities should be locked when not in use. This includes both exterior and interior doors and windows.
- B. All accounting and financial records should be safeguarded at all times. This means that these records should be kept in a locked, fireproof safe at the rectory or in the parish's office when not in use. Pastors should not allow the parish's financial records to be taken out of the parish office.

2. Cash Receipts Internal Controls

- A. Parishioners should be encouraged to use offertory envelopes and use either checks or ACH transfers when making offerings and other gifts to the parish.
- B. The weekly mass collection should always be controlled by at least two unrelated persons. No one person should be responsible for both counting and depositing the weekly collection.
- C. The weekly mass collection should be counted in a secure area, preferably in a locked room which is not visible to rectory or office visitors.
- D. Counters should verify that the contents of the offertory envelopes are identical to the amounts written on the envelopes by parishioners. The financial secretary/bookkeeper should never be responsible for counting the weekly collection or for depositing the money. He or she should only be responsible for recording the collection in the accounting system.
- E. All checks received should be restrictively endorsed (For Deposit Only) as soon as possible.
- F. All cash and checks should be deposited in the parish's bank account as soon as possible after receipt and counting. This should be no later than the Monday afternoon following the weekend masses. In addition, for safety reasons, at least two individuals should go together to bring the deposits to the bank. The parish may want to consider the use of a bank courier as an alternative to bringing the deposits to the bank.
- G. All un-deposited funds should be kept in a safe, lock box or similar protective container when at the parish. No money is to be kept in desk drawers. Only the pastor (and associate priests) should have access to these funds.

- H. Deposit slips should be made in duplicate and the bank verification slip should be attached to the duplicate copy of the deposit slip.
 - I. A detailed list or report of the collection should be prepared each week detailing the amount collected by denomination and account number. The amount collected per this report should agree with the amount deposited in the parish's bank account. This report should be signed by all counters to verify its accuracy.
 - J. Pre-numbered receipts should be issued for all types of funds received (cash, checks and money orders) in the parish's office. The receipts must note the amount received, person making payment, reason for the payment and must be signed by the person receiving the funds. These receipts should be in triplicate with the original given to the person making payment, a copy attached to the duplicate deposit slip as support and a copy maintained in the book as the control copy. If a receipt is voided, all copies must be kept in the control book.
 - K. Supporting documentation should be retained for all deposits (including electronic payments received). This documentation should include a summary of what was included in the deposit, copies of checks received and the corresponding deposit slip (made in duplicate) with bank verification.
 - L. On a regular basis, preferably monthly, a responsible party should check the receipt book to confirm that all cash received has been deposited. The person doing the checking can be the pastor, a parish finance council member or anyone other than the person who normally receives cash. Performance of this procedure should be indicated by signing and dating the receipt copies.
 - M. Individual contribution records should be maintained in the Parish Soft software for all parishioners. Parishioners should receive annual statements or notices of the contributions made during the year.
3. Cash Disbursements Internal Controls
- A. The pastor must be an authorized signer on all parish bank accounts (including all fair, charitable gaming and organization/ministry accounts). The individual responsible for generating checks and reconciling the bank account (usually the financial secretary/bookkeeper) should **never** be an authorized signer on the parish bank accounts.
 - B. All disbursements of the parish should be supported by adequate documentation as to the business purpose for the expense as well as to the correct amount being dispersed. This documentation can include a supporting invoice, check request form, purchase order, etc. Check requests (when used) should be supported by documentation as to the nature and amount of the

disbursement being requested. Examples include an invoice for purchases made or receipts to document amounts already paid for which a reimbursement is being requested.

- C. All disbursements support should be reviewed and approved in writing by the pastor (or his associate) prior to any checks being written or signed. This should be done by signing or initialing the support.
- D. All disbursements, except for those paid through petty cash, should be made by pre-numbered checks used in sequential order. If there is a break in check sequence, the reason for such break should be documented and explained.
- E. Blank or unused checks should be safeguarded at all times (kept in a locked safe or cabinet).
- F. The parish should ensure that all disbursements checks contain all necessary signatures prior to the mailing/distribution of those checks.
- G. The authorized check-signer(s) should never pre-sign any checks. In addition, the use of a signature stamp is **strictly prohibited**.
- H. All voided checks should be marked and retained.
- I. Checks payable to Cash should be **strictly prohibited**.
- J. Disbursement checks should never only be signed by the payee on the check.
- K. The parish should not make payments to vendors based on a vendor statement. Instead, payments to vendors should be made based on an individual purchase and related invoices.
- L. All employee reimbursement requests should be reviewed and approved by someone other than the employee requesting the reimbursement. This approval should be documented by signing the request form. In addition, all reimbursements should be supported by receipts with documentation as to the business purpose for the purchases made.
- M. The parish should require that any employee receiving an advanced amount must return the related receipt showing the actual purchase made. These receipts should be attached to the disbursement support. If the advance is more than the actual cost for the purchase, documentation showing the “re-deposit” of the overage should also be attached to the disbursements support.
- N. Receipts should be retained and submitted to the parish office for all purchases made on the parish’s credit cards. The receipts should contain a notation as to the business purpose for the purchases made (for example – attendees to a

business lunch and the business purpose discussed). The parish office should attached all supporting receipts to the credit card statements each month and submit all documentation to the pastor for review and approval.

If the pastor makes purchases on the parish's credit card, those charges should be reviewed, as a best practice, by either the parish's parochial vicar or a finance council member. This review should also be documented by the reviewer's initials on the credit card statement.

- O. The Petty Cash Fund should be set at a stipulated balance and should be used for only minor disbursements. The fund should be kept in a locked safe/drawer, be the responsibility of a single person and reimbursed only by check (in the name of the individual as petty cash custodian) for the amount needed to balance the fund at its stipulated balance. The fund should never be reimbursed by removing cash from the weekly collection.
 - P. Transfers among bank accounts should be properly authorized and should be adequately documented.
 - Q. Parish financial secretaries/bookkeepers and other lay personnel should never have check- signing authority on any parish bank accounts.
 - R. If gift cards are purchased to be used by the parish as gifts to volunteers, etc. the parish should ensure that proper records are maintained to document completely who the recipients are for all gift cards purchased. These records should be sent to the parish office to be included along with the disbursement support for the gift card purchases. In addition, gift cards held by the parish should be kept in a secure location and an "inventory"/tracking list of the gift cards held should be maintained to ensure that all are properly accounted for.
 - S. If the parish reimburses employees for mileage for a parish related trip, the parish must use the current Internal Revenue Service ("IRS") mileage reimbursement rate. This rate is available on the [www.IRS.gov](http://www.irs.gov) website.
 - T. Archdiocese policy requires that all projects for new construction, building renovations, and repairs which are expected to be greater than \$10,000 must be approved by the Chief Operating Officer prior to the signing of contracts, the beginning of work, and the remitting of payments. In addition, parishes must use Archdiocesan approved contracts for such projects.
4. Reconciliation Internal Controls
- A. Parishes are encouraged to develop and use a formal month-end closing schedule (checklist). A closing schedule would identify key tasks necessary for properly closing the books and ensuring accurate financial reporting. In addition, the schedule could be used to clearly assign responsibilities and due

dates for individual tasks and could document review and approval of these tasks by appropriate levels of management. A formal closing schedule would also aid in periods of personnel turnover. (*See Appendix C for example checklist*)

It might be helpful to establish one closing schedule for year-end close and one for month-end close throughout the year since certain tasks may not be necessary on a monthly basis. Management should rely on its own assessment of risks and needs in determining the frequency and timing of closing activities. Once established, strict adherence to closing schedules should be required because this will allow for more timely identification of potential errors or risks.

- B. The pastor should receive bank statements for **all** bank accounts (operating, payroll, charitable gaming, fair, and all organizations/ministries) and other accounts (archdiocesan savings and Catholic Community Foundation accounts) unopened. The statements should be opened by the pastor and reviewed for unusual activity (documented by the pastor initialing the statement reviewed). This review should include a review of cancelled check copies for any unusual payees as well as inappropriate check signatures.
- C. Bank account reconciliations should be prepared monthly for all bank accounts (operating, payroll, charitable gaming, fair, and all organization/ministry accounts) by a person who is not involved in writing checks or receiving money. Monthly reconciliations should also be prepared for any savings accounts held at the Archdiocese and accounts held at Catholic Community Foundation. **Please Note – all activity on the bank accounts must be properly recorded and reconciled. No adjustments should be made for “Un-located/Un-reconciled differences”.**

All outstanding items (checks, deposits and other items) should be reviewed monthly during the reconciliation process. If items are greater than six months old, they should be investigated as to why they have not cleared. It may be necessary to void and reissue the item or to send the funds to the State of Louisiana under escheat requirements.

All reconciliations should be reviewed and approved by someone other than the preparer. The review/approval should be documented through the reviewer initialing the reconciliations or the closing schedule discussed above. Approved bank reconciliations should be filed along with the corresponding approved bank statements.

- D. If the parish chooses to record accounts payable, an aging report should be generated monthly and given to the pastor for review. The pastor should initial the aging report (or the closing schedule discussed above) to indicate the review.
- E. Reconciliations (schedule supporting ending balance) should also be prepared for all other significant Statement of Financial Position (“Balance Sheet”) account balances not discussed separately above. These reconciliations should also be given to the pastor for review and approval.
- F. If journal entries are recorded during the reconciliation process or to record activity throughout the month, these entries should be supported by adequate documentation regarding the reason for the journal entry and the nature of the amounts adjusted.
- G. The petty cash fund should be replenished as needed. This process should include the preparation of a petty cash reconciliation (showing starting balance, purchases made, ending balance, and amount of replenishment to be made). The reconciliations should have receipts attached for all purchases made and be properly reviewed and approved by the pastor.

In addition, an individual who is independent of the petty cash function should be responsible for conducting periodic surprise counts of the fund to make sure that the fund is being properly maintained.

- H. An updated inventory of securities, valuables, equipment and other major non-cash assets should be maintained for accounting and insurance purposes. All parishes should take an annual inventory of these assets. All deeds, titles, invoices and other legal and financial documents related to these assets should be retained by the parish. Each priest residing in the rectory should also maintain a personal inventory.

5. Payroll and Personnel Internal Controls

- A. New or prospective employees should be properly screened. This screening should include a verbal check of all references, former employers, etc. Any parish employees or volunteers having ongoing, unsupervised contact or attending an overnight event with minors should be screened in accordance with the Safe Environment training and background screening guidelines established by the Safe Environment Coordinator.
- B. Complete personnel files must be maintained on all employees. The ***Human Resources section*** of the Archdiocese website contains an Employee file Checklist which documents which items are required to be maintained in each personnel file.

Some parishes may also wish to have a performance record on each employee. Standard forms of employment applications, authorizations and performance records are available for purchase. The archdiocesan Human Resources department can provide templates of these as well.

- C. Changes in employment (additions and terminations), salaries or wage rates and payroll deductions should be properly authorized and documented in the employee's personnel file. Policies and procedures should be established for handling vacations, holidays and sick leave.
- D. Both Federal and State laws require that a record be kept of hours worked in each workday and each workweek. Any method of keeping time is satisfactory, as long as it is accurate and shows all hours worked each day. Some of the more usual types of time records include time sheets, time slips, or a time clock.

Time and attendance records should be maintained and approved in writing by the pastor (or his designee) prior to payroll processing.

- E. All parishes must use Interlogic Outsourcing Inc. ("IOI") to process payroll. IOI will process all necessary checks/direct deposits as well as all required tax payments and filings.

Archdiocesan policy requires that all employees be paid through direct deposit. The only exception to this is for new employees whose direct deposit information is still being set up in the IOI system (this should only be for one to two payroll periods).

All compensation to employees should be processed through IOI. No compensation payments to employees should be made directly from any parish bank account. This includes Christmas bonuses/gifts.

Finally, if the parish distributes gift cards to employees in lieu of a bonus, it should note that gift cards are considered to be the same as cash and therefore are considered compensation by the IRS (*IRS Publication 15-B*). Therefore, the value of any gift cards given should be included in employees' wages through an adjustment to IOI.

- F. The pastor should review at a minimum the submitted (final) payroll register for each pay period. This review should be documented by the pastor initialing the register reviewed. For further control, the pastor could also review the pre-submitted/draft payroll register for reasonableness prior to submission as well as the IOI Employee Change Report.

- G. Taxes (federal, state and FICA) must be withheld from the wages of all employees and must be paid when due. As noted above, IOI will ensure that these are made for all payroll processed by IOI.
- H. All employees are to receive W-2 forms at the end of the calendar year (included in IOI services). Payments made to individuals or unincorporated companies functioning as independent contractors must be totaled during the year. A Form 1099 must be prepared and given to any person or unincorporated entity receiving \$600 or more from the parish for services rendered during the calendar year.
- I. Transitional Deacons assigned to a parish are considered to be employees of the parish. Therefore, they should be added to IOI and receive payroll checks for work performed at the parish.
- J. Cash payrolls of any kind are not allowed.
- K. While it is not required to record accrued vacation on the parish's accounting system (QuickBooks), it should be tracked by the parish for each employee. Earned but unused vacation must be paid to employees upon termination. Therefore, tracking of the potential amount owed is recommended.
- L. While employee advances are not prohibited, they are strongly discouraged by the Archdiocese. If an advance is given to an employee, the arrangement must be properly documented by a signed repayment agreement to be retained in the employee's personnel file. All payroll advances must be repaid through payroll deductions.

The parish should ensure that any advances granted are not for excessive amounts which would put the parish at an unnecessary risk if the employee were to leave employment.

D. Fairs, Fundraising Events and Gaming

Many parishes have various fairs and/or fundraising events throughout the year to raise additional funds to supplement the parish's budget. Other forms of fundraising include raffles and bingo. Below are guidelines that all parishes must ensure are followed regarding fundraising and gaming activities.

- 1. All parish bank accounts should be recorded (accounted for) in the parish's accounting system (QuickBooks). This includes all fair/fundraising event accounts.

2. Fair/fundraising event committees must follow the same internal control procedures regarding cash receipts and disbursements and account reconciliations as have been discussed previously for parish operations.
3. Supporting documentation for all fair/fundraising event activities should be kept at the parish. This includes bank statements, deposit records and disbursement support.
4. Fundraising events and fairs should use a ticket policy in which there is one central ticket booth that collects money and gives out tickets to use at the other booths. The number of booth tickets sold should be reconciled to the proceeds from the sale of the tickets. If the parish/school decides to not use tickets, it must create and submit a list of cash handling procedures to the Archdiocese for approval. Money should be handled appropriately at the time of the event and deposited immediately. Money should not be taken off of the premises for any reason.
5. Within a reasonable amount of time after the fundraising event/fair, the net proceeds of the event (less any “seed money” needed for the next event) should be transferred to the parish operating account.
6. At the completion of the event/fair, the fair/event committee must prepare a financial statement reflecting the sources of all revenues and expenditures and distribute the statement to the pastor and parish finance council. The results should also be published in the parish bulletin.
7. The parish must obtain all necessary permits and alcohol licenses from its local government in order to operate the fundraising event.
8. If outside vendors are used for entertainment or rides for fairs, the parish should ensure that a written contract is in place with those vendors. Contracts are used to specify terms, insurance coverage and can be used to avoid disputes. The parish should contact Catholic Mutual and/or the archdiocesan in-house counsel for current information regarding contracts. Contracts with vendors/entertainers should be approved by the Archdiocese.
9. The Louisiana Department of Revenue requires that a sales tax exemption be obtained for all fundraising events. This exemption is obtained by the completion and submission of Form R-1048 (*can be found at the Louisiana Department of Revenue website – www.rev.state.la.us*). The exemption application (Form R-1048) can include all fundraising events planned for the year and should be submitted at least 30 days prior to the first fundraising event included for processing and approval. If an additional event is scheduled subsequent to the submission of the exemption application, a second application will need to be submitted for the new event scheduled.

10. The Louisiana Office of Charitable Gaming requires that a gaming license be obtained for all bingo activities. This license will require the submission of quarterly bingo reports to the Office of Charitable Gaming. In addition, a separate charitable gaming bank account must be opened. The account must be setup to state “Charitable Gaming Account” in the name and must have the license number printed on the related checks. Further information regarding laws and regulations over bingo activities can be found on the Louisiana Office of Charitable Gaming’s website (www.ocg.louisiana.gov).
11. Raffles are subject to regulation from the Louisiana Office Charitable Gaming as well. If a parish has only a raffle (no bingo activity), it may obtain a gaming license exemption instead of the gaming license discussed above. In addition, the Louisiana Office of Charitable Gaming has specific regulations regarding the administration of raffles. As with bingo activities, further information regarding laws and regulations over raffles can be found on the Louisiana Office of Charitable Gaming’s website (www.ocg.louisiana.gov).
12. Form W-2G is required to be issued for gambling (raffle) winnings which are over \$600 and at least 300 times the amount of the wager. In addition, income taxes must be withheld from winnings if certain criteria are met. **See IRS Publication 3079, Chapter 6.** The parish should ensure that Form W-2Gs are issued for all necessary gambling winners. In addition, the parish should evaluate the winnings amount for each raffle held for requirements to withhold income taxes. If those requirements are met, the parish should ensure that the proper withholdings are made and remitted to the IRS and/or the Louisiana Department of Revenue.
13. A Form 1099 must be prepared and given to any person or unincorporated entity receiving \$600 or more from the parish for services rendered during the calendar year related to fair/fundraising activities.

E. Parish Organizations/Ministries

Parish organizations/ministries are associated with the parish by reason of their involvement in raising funds for specific projects or for the general operations of the parish. Parish ministries are activities which are related to the operations of the parish (examples include altar society, ministry for the poor, etc.). Parish organizations include activities which are for a related “club” or organization (examples include Men's Clubs, Cub/Boy Scouts, etc.).

While the monies may be handled by the parish organizations/ministries, the funds have been raised in the name of the parish for parish-related activities. In addition, the parish organizations/ministries are organized using the parish tax exempt status. Therefore, the parish must have control over the raising, handling and disbursement of these funds. The following rules should apply to all parish organizations/ministries:

- a. All parish bank accounts should be recorded (accounted for) in the parish's accounting system (QuickBooks). This includes all organization/ministry accounts.
- b. As previously discussed, because the funds held in most organization accounts are being held for the members of the organization, it is believed that a corresponding organization liability should be recorded to track those funds. This treatment will result in the recording of the bank accounts on the Statement of Financial Position ("Balance Sheet") and a corresponding liability to show that the funds are being held for the organization (they are not available for the operations of the parish).
- c. Income received and funds spent by the parish ministries (altar society, ministry for the poor, etc.) is considered to be part of the parish's operations and therefore, should be recorded as income/expense on the parish Statement of Activities ("Profit and Loss" or "Income Statement").
- d. Parish organizations/ministries must follow the same internal control procedures regarding cash receipts and disbursements and account reconciliations as have been discussed previously for parish operations.
- e. Supporting documentation for all parish organization/ministry activities should be kept at the parish. This includes bank statements, deposit records and disbursement support.
- f. Parish organizations are to prepare a budget and annual plan which is to be submitted to the pastor for review and approval. The pastor, in turn, should communicate the parish's needs to each organization/ministry.
- g. The parish should provide guidelines as to the types of activities in which parish organizations/ministries are allowed to engage, and how they can spend funds which have been raised.
- h. The parish should ensure that all necessary permits, alcohol licenses, sales tax exemptions and gaming license (or gaming license exemptions) are obtained for all special events held by parish organizations/ministries (*see fundraising events and fair section above*).
- i. At the end of each fiscal year, the funds raised by parish organizations which remain in their checking account are to be turned over to the parish to be used for the operating budget (based on pastor discretion). Parish organizations may retain a small balance with which to start their new year. Accountability is to be maintained by the parish over these groups.

VIII. Payroll Procedures

When one considers that parish payments for salaries represent a significant portion of all parish expenses, the importance of complete and accurate payroll records cannot be over-emphasized. It is essential, therefore, that payroll methods, systems and forms be maintained in accordance with good accounting practices. The following instructions are minimum requirements.

A. Terms of Employment – Benefit Eligible vs. Non-Benefit Eligible

All employees who are hired to work at least thirty (30) hours per week are considered to be benefit eligible employees.

Employees who regularly work between twenty (20) hours and thirty (30) hours per week are eligible for fringe benefits on a pro-rated basis. ***Employees who work less than twenty (20) hours per week are not eligible for fringe benefits.***

B. Labor Relations and Tax Regulations

In general, under both Federal and State labor laws, a regular time work week consists of a maximum of forty hours, after which overtime commences. Overtime pay must be computed at a rate of 1½ times the employee's regular hourly rate of pay for those hours worked in excess of forty hours in the regularly designated work week. Wages must at a minimum meet the Federal minimum wage rate.

Whether an employee is paid daily, weekly or monthly, all phases of the law are based on a work week. The work week may begin on any day and hour of the week as established by the parish. Pay periods for two or more weeks or for a month may not be averaged out for the sake of overtime or minimum wages. Both Federal and State regulations require posting of a sign "Notice to Employees" where employees can readily see it. These signs may be obtained from the U.S. Labor Department, Wage and Hours Division and the State Department of Labor. Certain other requirements are covered under succeeding sections of this section entitled Personnel Records and Payroll Records.

Both Federal and State laws provide definitions which have an important bearing on payroll treatment of amounts paid to employees; rules for preservation of records; and requirements as to reports. Annually the parish should obtain copies of the Federal Employer's Tax Guide, Circular E and the Louisiana Instructions for Employers and Tax Withholding Tables. The following are definitions which should be understood by all pastors:

1. Employer – An employer is a person or organization for whom a worker performs a service as an employee. The employer usually gives the worker the tools and place to work and has the right to fire the worker.

2. Employer Identification Number (EIN) – The parish has both a Federal and State employer identification number which must be shown on certain tax forms used by the parish.
3. Employee – Anyone who performs services is an employee if you, as an employer, can control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you control the method and result of the services. If an employer-employee relationship exists, it does not matter what it is called. It also does not matter how payments are measured or paid. (*See Part VIII. F. below for a discussion of independent contractors*).
4. Wages – Wages include all pay you give an employee for services performed. It includes salaries, vacation allowances, bonuses, etc. It does not matter how you measure or make the payments.
5. Social Security – All employees of the parish are subject to Social Security Tax. The only exceptions are for priests. Priests are classified as self-employed for Social Security and Medicare tax purposes.
6. Income Tax – Amounts are, or are not, withheld from earnings of employees based on the number of their withholding allowances or exemptions and the tax tables in the Federal and State Publications mentioned in the first paragraph of this section.
7. Preservation of Records – Time records must be preserved in accordance with the Archdiocese record retention policy (*see Archives section of Archdiocese website*).

C. Personnel Records

See Internal Accounting Controls Section 5 – Payroll and Personnel Internal Controls

D. Tax Deposits and Reports

The parish is financially responsible for amounts withheld for social security and income taxes withheld from its employees' pay. It is also responsible for its share of employer social security taxes equal to the amount of social security withheld from its employees' pay. The timing of payments for the amounts withheld for both the federal and state governments vary depending upon the amount owed. Check with your respective federal and state employer's tax guides to ensure that you are remitting these payments at the appropriate time.

At the end of each calendar quarter, the parish must prepare and submit (prepared and submitted by IOI) federal and state reports listing applicable amounts for all employees paid during the quarter. The federal report which is to be submitted is Form 941 "Employer's Quarterly Federal Tax Return," and the state report which is to be submitted is Form L-1 "Employer's State Withholding Return." These reports are both due to the respective agencies by the last day of the month following the quarter's end.

At the end of the calendar year, the parish must also prepare and submit (prepared and submitted by IOI) an annual report covering each employee paid during the year. For each employee, determine the gross earnings, taxes and benefits withheld and net pay for the entire year. Complete a Form W-2 (four parts) for each employee. One copy is to be provided to the federal and state governments, and one to the employee and the remaining copy should be maintained by the employer.

*****PLEASE NOTE*****

Even though the parish's payroll is processed by an outside company (IOI), the parish is still responsible for ensuring that all of the prescribed payroll procedures are performed. Also, the parish must have copies of all applicable forms and reports for its records. Pastors and financial secretaries/bookkeepers can individually and collectively be held liable for the failure to withhold and remit the appropriate amount of employment-related taxes to the federal and state governments.

E. Employee Benefits

All eligible parish employees must be offered full and complete participation in all available archdiocesan fringe benefits. No additional benefits (outside of those offered by the Archdiocese) may be offered to employees. The following rules apply with regard to these benefit programs:

1. Retirement Plan. All employees who regularly work twenty hours or more per week must be given the opportunity to participate in the archdiocesan 401(k) retirement plan. Eligible employees are automatically enrolled at a 4% deferral rate but may elect to contribute a minimum of 3% and up to a maximum of 75% of their salaries (*see archdiocesan 401(k) Summary for further information – included in Human Resources section of the Archdiocese website*). Employees must call or login to the plan administrator's website (VOYA) to opt out of automatic enrollment or to change their deferral percentage.

The parish, as the employer, must match at 3.5% and must contribute an additional 2% for the cost of administering the benefit plan. Therefore, the total contribution to be made by the parish on behalf of all employees enrolled in the archdiocesan 401(k) retirement plan is 5.5%. All employees who are offered participation in the retirement plan but decline must

communicate their decision to the plan administrator (VOYA) directly. VOYA will notify IOI (payroll service) of all changes to the 401(k) retirement plan activity directly.

If an employee transfers employment from one parish to another, they must notify VOYA of the change in location. The archdiocesan Human Resources department has prepared a guide related to the transfer process as well as related forms necessary. These are available in the ***Human Resources section of the Archdiocese website.***

2. Medical Insurance. Health coverage is to be made available to all benefit eligible employees. The parish must pay a fixed monthly premium toward the cost of the health coverage. The fixed premium is communicated to the parish annually at the appropriate time. Health care costs in excess of this amount, including dependent coverage, are paid by the employee. All employees who were offered participation in the health coverage benefits but declined must have signed a form stating this refusal. This form must be completed each year and must be retained by the parish in the employee's personnel/payroll file. Part-time employees who work twenty hours or more a week may participate in the parish's health plan, but the employee should participate in the cost of this benefit on a prorated basis.
3. Dental, Vision, and Voluntary Life. Dental, vision and voluntary life insurance coverage is to be made available to all benefit eligible employees. The parish is not responsible for any portion of the cost for this coverage (employees must pay entire premium for this coverage). All employees who were offered participation in these benefits but declined must have a signed form stating the refusal. This form must be retained by the parish in the employee's personnel/payroll file.
4. Other. Basic group life and accidental death and dismemberment (AD&D) coverage as well as short term and long term disability coverage is provided to employees. The cost of these coverages is covered by the additional 2% employer contribution discussed above in #1 of this section.

F. Independent Contractors

As stated earlier, all employees must have the appropriate amount of FICA, federal and state taxes withheld from their gross salary or wages, depending on their allowances or exemptions. However, there may be instances where a parish may have a person or persons who are self-employed performing various duties for the parish such as maintenance, landscaping, lawn work, bookkeeping, etc. Payments to these self-employed persons or independent contractors are made without any tax withholdings. Special care should be taken in this area, as the IRS often views this area as one which employers tend to (intentionally or unintentionally) abuse. Therefore, the following is a list of several factors or criteria to consider when determining whether or not a worker

is an independent contractor:

1. The hours worked by the independent contractor are not regulated. He/she sets his/hers own hours.
2. The independent contractor hires his/her own employees/sub-contractors.
3. The independent contractor supplies his/her own tools, materials and instruments.
4. The independent contractor's services are available to the public.
5. The independent contractor is responsible for his/her own liability, health, workmen's compensation and other insurance.
6. The independent contractor pays for his/her own expenses.
7. The independent contractor has his/her own place of business.
8. The independent contractor's work requires specialized training and experience.
9. The independent contractor cannot be terminated at will (this is an employee). His/her contract must be terminated in accordance with the requirements as mandated in the contract.
10. Independent contractors do not receive bonuses.
11. The independent contractor should have any and all licenses that are needed to perform his/her work.
12. Most importantly, the parish can control the ends (results) of the work, but not the means (the way the work is to be performed).

The above are only some of the factors which should be considered when determining whether or not a worker is an employee or an independent contractor. Further guidance regarding the determination of employee vs. independent contractor can be found at the IRS website (www.irs.gov).

All non-employees (independent contractors) who receive over \$600 during a calendar year should be given a Form 1099-MISC for tax purposes (*see Form 1099-MISC instructions on IRS website - www.irs.gov*). **Please note – an independent contractor should receive only one Form 1099-MISC from the parish/school. Therefore, care should be made to report all payments made to the independent contractor on one form (including payments made by the parish, school, organizations/ministries, fair accounts, etc.).** It should be noted that payments to

Corporations, S Corps and LLCs that are set up as C Corps or S Corps are excluded and do not need to receive a Form 1099-MISC.

The parish should obtain and maintain on file a W-9 form for each individual/vendor to whom payments are made within a calendar year. The information included on the W-9 form will be necessary in the completion of any necessary Form 1099-MISC.

Examples:

1. A self-employed person cuts the grass and performs other landscaping duties for a parish. He is paid \$300 per week. This person has and uses his own equipment, hires and pays two student assistants, has an office out of his own home and markets his services to the public. This person could rightfully be treated as an independent contractor by the parish since he meets the majority of the criteria previously discussed. In this instance, the parish would supply this individual with a Form 1099-Misc. for the total payments made to him during the calendar year.
2. A brother-in-law of the parish's secretary regularly cuts the grass for the parish and performs other miscellaneous duties as directed. He works three days a week at \$10.00 an hour. He must sign in and out on the days he works. He works exclusively for the parish and is paid on the same days as the parish's regular staff. A review of the above criteria would indicate that this person is an employee of the parish and should be treated as one. Specifically, taxes should be calculated and withheld from his earnings and he should receive a Form W-2 at the end of the calendar year.

While the above examples may make this issue seem "cut and dry", it is the numerous situations that fall somewhere in between these two extremes that present challenges to pastors and financial secretaries/bookkeepers. Therefore, a word to the wise is sufficient, be sure your self-employed workers are truly independent contractors! If a pastor is unsure of the appropriate classification of any of his current workers, he should consult with the Archdiocese.

Appendix A

**Church Parishes
Chart of Accounts**

Old Acct #	New Acct #	Account name	Account Type in QB	Account Description
		ASSETS		
	1100	Cash		
200-0	1110	Operating Account	Bank	Include the balance of funds in the Parish's operating checking account
	1120	Fair & Fundraiser Accounts (use sub accounts as necessary)	Bank	Include the balance of funds in the Parish's fair & fundraiser checking account(s). Parish should use sub accounts for each account.
201-0	1130	Payroll Account	Bank	Include the balance of funds in the Parish's payroll account (separate account used for processing of payroll when payroll funds are not run through the operating account)
202-0	1140	Charitable Gaming Account	Bank	Include the amount of funds kept in the charitable gaming account (a separate account is required for any Parish that engages in charitable gaming activities which require a charitable gaming license)
	1150	Ministry/Organization Accounts (use sub accounts as necessary)	Bank	Include the balance of any funds in Parish ministry and organizational accounts. For example, ministry of the poor, women's club, men's club, etc. Parish should use sub accounts for each organization.
203-0	1160	Petty Cash	Bank	Include the amount of funds kept in the petty cash account
	1170	PayPal Account	Bank	Include the balance of funds in the Parish's PayPal account
210-0	1180	Archdiocesan Savings Account (use sub accounts as necessary)	Bank	Include the balance of funds invested by the Parish in its savings accounts. These savings accounts should be held in a deposit account by the Archdiocese. Parish should use sub accounts for each savings account.
	1190	Other Accounts (use sub accounts as necessary)	Bank	Include the balance of funds in the Parish's bank accounts that do not fit in the above categories - e.g. Building/Maintenance Fund, Capital Campaign Fund, Camp Account, Nursery/Daycare Account etc. Parish should use sub accounts for each account.
	1400	Other current assets		
	1410	Due from/Due to School	Other Current Asset	Include any amounts collected or spent that belong to the school
	1500	Designated Fund Accounts		
	1510	Catholic Foundation Funds (use sub accounts as necessary)	Other Long Term Asset	Include value of any investments including those held with the Catholic Foundation. Parish should use sub accounts for each account.

Appendix A

LIABILITIES				
	2000	Accounts Payable (Optional)		
	2010	Accounts Payable	Accounts Payable	Include outstanding bills not paid. This account is only used if the "bill"/"pay bill" function is used in QuickBooks.
	2100	Accrued Expenses (Optional)		
300-0	2110	Accrued Expenses	Other Current Liabilities	Include outstanding bills/expenses which are due but not paid
	2200	Funds Held for Others		
	2210	Organization Accounts (use sub accounts as necessary)	Other Current Liabilities	Include accounts that are used to track funds that don't technically belong to the Parish. For example, women's club, men's club, etc. Parish should use sub accounts for each organization.
	2300	Extra-Diocesan Collections (use sub accounts as necessary)	Other Current Liabilities	Include collections and submissions of funds for diocesan collections that are pass thru funds (World Mission Collection, Catholic Relief Services, Black and Indian Home Mission, Retirement fund for Religious Appeal, etc.). Each collection can be set up using account numbers between 2301-2399.
	2400	Assessment Liabilities (Optional)		
	2410	ANO Balance Due per Customer Statement	Other Current Liabilities	Include amounts owed to ANO per Customer Statement received
	2420	Parish Share Assessment Future Expense	Other Current Liabilities	Include amounts owed as Parish Share Assessment
	2430	Flood Assessment Future Expense	Other Current Liabilities	Include amounts owed as Flood Insurance Assessment
	2500	Payroll Liabilities (Optional)		
	2510	Payroll taxes payable (use sub accounts as necessary)	Other Current Liabilities	Include amounts for withdrawals from payroll for employee portion of insurance, retirement and taxes. (Parish may use sub accounts if preferred for each type of withholding)
	2800	Long-Term Liabilities		
310-0	2810	Loans - Archdiocesan (use sub accounts as necessary)	Long Term Liabilities	Include amounts that are due to the Archdiocese (Parish should use sub accounts if it has multiple loans from ANO)
NET ASSETS				
	3000	Net Assets		
	3010	Net Assets (Retained Earnings)	Equity	Cumulative net earnings retained by the Parish

Appendix A

INCOME				
	4100	Ordinary Church Income		
001-0	4110	Weekly Envelopes	Income	Include monies received from envelopes on Saturdays and Sundays, Holy Days, etc.
002-0	4120	Loose Collections	Income	Include monies received from the collection basket or plate, not included in offertory envelopes.
	4130	Online Giving Collections	Income	Include monies received from online giving.
003-0	4140	Collections at Special Devotions (use sub accounts as necessary)	Income	Include monies received from special devotions, masses, etc. such as Christmas collection, Easter collection, and Marian devotions.
004-0	4150	Special Collections for Parish Operations (use sub accounts as necessary)	Income	Include monies received for special purposes such as building and maintenance fund, fuel collection, interest expense on Parish debt, assessments, etc. which occur on a regular or occasional basis and are used for the operating budget. Parish should use sub accounts for each special purpose envelope.
	4200	Extraordinary Church Income		
020-0	4210	Votive Shrines, etc.	Income	Include gross receipts for items such as votive shrines, novenas, flowers, candles, and related miscellaneous receipts which would not fit in any of the above income accounts.
022-0	4215	Rentals, Leases, Royalties (use sub accounts as necessary)	Income	Include rental or lease income for Parish facilities, gymnasiums, halls, convents and other properties owned by the Parish. Parish should use sub accounts for each type of rent/lease/royalty income received.
024-0	4220	Entertainment, Fairs and Fundraisers, etc. (use sub accounts as necessary)	Income	Include income received from activities conducted by the Parish to raise funds such as fairs, festivals, picnics, raffles, bingo, etc. Parish should use sub accounts for each different activity (fair, raffle, etc.).
025-0	4225	Interest Earned on Funds on Deposit	Income	Include interest earned by the Parish from its funds on deposit with the Archdiocese.
026-0	4230	Interest Earned on Bank Accounts	Income	Include interest earned on Parish checking accounts, savings accounts, trust funds and other investment earnings.
027-0	4235	Donations, Legacies (use sub accounts as necessary)	Income	Include all cash gifts, donations, bequests and memorials received by the church. In addition, include all distributions from Parish endowments received and #igivecatholic donations received. Parish should use sub accounts for each different donation type.
028-0	4240	Clarion Herald Subscriptions	Income	Include collections from Parishioners for their subscription to the Clarion Herald newspaper.
029-0	4245	Religious Education Income	Income	Include gross receipts from fees charged for Religious Education and instruction provided by the Parish to children in the Parish.
035-0	4250	Parish Twinning Income	Income	Include donations received from your twinning Parish. This amount must equal the related Parish's twinning expense.
031-0	4255	Mass Stipends	Income	Include monies received for mass stipends or dedications.
032-0	4260	Baptisms, Weddings, Funerals, etc.	Income	Include donations received for baptisms, weddings, funerals and baptismal certificates.
033-0	4265	Archdiocesan Subsidy	Income	Include receipts from the Archdiocese as subsidy. Do not include loans from the Archdiocese which must be repaid.
030-0	4290	Miscellaneous Income (use sub accounts as necessary)	Income	Include any receipts which do not fit in any other categories. These amounts must be detailed in the Parish's annual financial reports if they are significant (over \$2,000). Parish should use sub accounts for each significant type.

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	4300	Other Income		
	4310	Ministry Income (use sub accounts as necessary)	Income	Include monies received for specific ministries of the Parish - examples include ministry for the poor, altar society, etc. Parish should use sub accounts for each ministry. THIS INCOME IS NOT ASSESSED IN PARISH SHARE CALCULATION.
	4320	Nursery/Pre-School Income (use sub accounts as necessary)	Income	Include monies received for the Parish nursery/pre-school program such as tuition, fees, etc. THIS INCOME IS NOT ASSESSED IN PARISH SHARE CALCULATION.
	4330	Camp Income (use sub accounts as necessary)	Income	Include monies received for Parish camps such as tuition, fees, etc. THIS INCOME IS NOT ASSESSED IN PARISH SHARE CALCULATION.
	4400	Non-Assessed Income		
023-0	4410	Special Building Campaigns	Other Income	Include monies received for special building campaigns (capital campaigns approved by the Archdiocese) such as roof repairs, building improvements, paving parking lot, etc.
	4420	Non-Assessed Income (use sub accounts as necessary)	Other Income	Include any income which has been approved by Archdiocese as "Non Assessable". Parish should use sub accounts for each income type.
	4500	Non-Income Receipts		
040-0	4510	Losses Paid by Insurance	Other Income	Include receipts as a result of insurance claims and refunds.
043-0	4520	Sale of Parish Property	Other Income	Include receipts from the sale of Parish assets. Include the sale of Parish equipment, furnishings, buildings, etc.
	4700	Non-Operating Other Income		
	4710	Investment activity net of fees	Other Income	Include any income/losses from investments (net of fees). Investments are funds held with the Catholic Foundation, etc.

Appendix A

EXPENSES				
	5100	Personnel Costs		
100-0	5110	Salary - Pastor and Associates	Expenses	Include salaries paid to full-time and part-time priests assigned to the Parish. Do not include amounts paid as stipends for auto or other allowances. Include these amounts in account #5240 "Automobile and Business Expense".
102-0	5115	Salary - Administrative	Expenses	Include gross salaries or wages paid to full-time and part-time religious and lay personnel serving as secretaries, receptionist, and other clerical assistants.
	5120	Salary - Finance	Expenses	Include gross salaries or wages paid to full-time and part-time religious and lay personnel serving as bookkeepers and other finance personnel.
103-0	5125	Salary - Housekeepers	Expenses	Include gross salaries or wages paid to full-time and part-time rectory housekeepers, cooks, etc.
104-0	5130	Salary - Janitors	Expenses	Include gross salaries or wages paid to full-time and part-time personnel involved in plant operation and maintenance such as physical plant personnel, custodians, maintenance workers, grounds keepers, etc.
105-0	5135	Salary - Music Staff	Expenses	Include gross salaries or wages paid to full-time and part-time organists, guitarists, music directors, guest musicians, etc.
107-0	5140	Salary - Religious Education Instructor(s)	Expenses	Include gross salaries or wages paid to full-time and part-time religious and lay personnel serving as Religious Education instructors, directors of religious education, youth ministers, etc.
	5145	Salary - Ministry (use sub accounts as necessary)	Expenses	Include gross salaries or wages paid to full-time or part-time employees working in Parish ministries. Parish should use sub accounts for each different type of ministry personnel.
	5147	Salary - Nursery/Pre-School (use sub accounts as necessary)	Expenses	Include gross salaries or wages paid to full-time or part-time employees working in Parish nursery/pre-school. Parish should use sub accounts for each different type of nursery/pre-school personnel.
	5148	Salary - Camp (use sub accounts as necessary)	Expenses	Include gross salaries or wages paid to full-time or part-time employees working the Parish camp(s). Parish should use sub accounts for each different type of camp personnel.
106-0	5150	Salary - Others (use sub accounts as necessary)	Expenses	Include gross salaries or wages paid to any other persons employed by the Parish who are not included in the above accounts. Parish should use sub accounts for each additional position included.
101-0	5160	Contract Labor - Extra Priests	Expenses	Include compensation paid to out of Parish priests who render weekend help for confessions, celebration of masses, etc. A Form 1099 must be issued to all priests who receive \$600 or more in compensation in a given calendar year.
	5165	Contract Labor - Musicians	Expenses	Include compensation paid to musicians who render services for celebration of masses, etc. but are not employees of the Parish. A Form 1099 must be issued to all individuals who receive \$600 or more in compensation in a given calendar year.
	5170	Contract Labor - Janitorial Services	Expenses	Include compensation paid for janitorial services to individuals who are not employees of the Parish. A Form 1099 must be issued to all individuals who receive \$600 or more in compensation in a given calendar year.
	5175	Contract Labor - Others (use sub accounts as necessary)	Expenses	Include compensation paid for services to any other individuals who are not employees of the Parish. A Form 1099 must be issued to all individuals who receive \$600 or more in compensation in a given calendar year. Parish should use sub accounts for each additional service type included.

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108-0	5190	Payroll Taxes	Expenses	Include only the employer's share of Social Security taxes and Medicare insurance for all personnel employed by the church.
109-0	5191	Health Insurance Costs	Expenses	Include the costs for group medical paid by the Parish for priests, religious and lay personnel. Any amount deducted from employee pay should not be included.
110-0	5192	Retirement Expense	Expenses	Include the Parish's share of contributions to 401K, retirement and pension plans for priests, religious and lay personnel. Also include contributions to benefit trust for life insurance and short/long term disability.
	5200	Other Parish Expenses		
120-0	5210	Sanctuary Expenses (use sub accounts as necessary)	Expenses	Include expenses for altar bread, wine, candles, vestments, chalices, patens, altar cloths, flowers, missalette, etc. Parish should use sub accounts as necessary for break out of specific expenses.
121-0	5215	Costs of Votives, Religious Goods, Etc. (use sub accounts as necessary)	Expenses	Include expenses for votive shrines, novenas, candles, and related miscellaneous expenses. Parish should use sub accounts as necessary for break out of specific expenses.
122-0	5220	Church Office Costs (use sub accounts as necessary)	Expenses	Include expenses for printing, postage, copying, stationary, giving envelopes and other office supplies. Parish should use sub accounts as necessary for break out of specific expenses.
123-0	5225	Household Expenses	Expenses	Include expenses incurred by priests residing in the rectory for food and household consumables such as toiletries, paper products and other grocery items normally used by a household, but excluding items which are for personal use.
	5227	Professional Expense	Expenses	Include expenses for professional fees including outside accounting fees, marketing fees, etc.
124-0	5230	Utilities (use sub accounts as necessary)	Expenses	Include expenses for telephone, electricity, gas, water and sewerage disposal, etc. Parish should use sub accounts as necessary for break out of specific expenses.
125-0	5235	Janitorial Supplies	Expenses	Include expenses for brooms, mops, cleaners, paper supplies, light bulbs and other such custodial supplies.
126-0	5240	Automobile and Business Expense	Expenses	Include expenses incurred for the purchase, maintenance and repair of Parish cars, buses, vans and trucks. Also include the business allowance given to Parish priests.
	5242	Conference and Travel Expense	Expenses	Include expenses for retreats, conferences, or other travel for priest and staff. Include priest convocation fee.
	5243	Music Expense	Expenses	Include expenses incurred for organ/piano repairs, sheet music, choir robes, licensing for music, etc.
	5244	Grounds Maintenance	Expenses	Include expenses incurred for grounds maintenance and landscaping.
127-0	5245	Ordinary Repairs (use sub accounts as necessary)	Expenses	Include labor and expenses by outside contractors for day-to-day repairs and maintenance of Parish facilities and equipment by plumbers, electricians, carpenters, etc. Also include the cost of any maintenance contracts and parts and supplies for repairs made by church personnel. Do not include major replacement or additions such as new roof, furnace, renovation, etc. which would be considered capital expenditures. Parish should use sub accounts for different types of repairs as it considers necessary.
129-0	5247	Parish Twinning Expense	Expenses	Include contributions given by your Parish. This amount must equal the related Parish's twinning income.

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130-0	5250	Social Welfare Ministry (use sub accounts as necessary)	Expenses	Include expenses incurred for the Parish's social programs such as food for the needy, Parish pastorals, peace campaigns, stewardship drives, communications, evangelization, donations to other non-profit organizations, etc. Parish should use sub accounts as necessary for break out of specific expenses.
	5253	Parish Socials and Community Events (use sub accounts as necessary)	Expenses	Include expenses incurred related to Parish socials or other community events. Parish should use sub accounts as necessary for break out of specific expenses.
131-0	5255	Religious Education Expense (Other than Salaries) (use sub accounts as necessary)	Expenses	Include expenses incurred for the Parish's Religious Education program such as textbooks and teaching supplies, audio visual supplies and materials, religious education library, student retreats, confirmation expenses, student activities, etc.
	5257	Ministry Expense (Other than Salaries) (use sub accounts as necessary)	Expenses	Include expenses incurred for specific ministries of the Parish - examples include ministry for the poor, altar society, youth, marriage family, etc. Parish should use sub accounts for each ministry.
	5258	Nursery/Pre-School Expense (Other than Salaries) (use sub accounts as necessary)	Expenses	Include expenses incurred for the Parish's nursery/pre-school program such as supplies and materials, student activities, snacks, etc.
	5259	Camp Expense (Other than Salaries) (use sub accounts as necessary)	Expenses	Include expenses incurred for the Parish's camp(s) such as supplies and materials, student activities, snacks, etc.
132-0	5260	School Financial Support	Expenses	Include the amount of financial support paid by the Parish for Parishioners attending Catholic elementary schools, whether in-Parish or out of Parish. Also include the cost of any unreimbursed Parish school bills paid by the church.
133-0	5265	Insurance Expense (use sub accounts as necessary)	Expenses	Include the cost of maintaining property and casualty, flood, automobile and any other insurance paid by the Parish. This amount is included in the Parish's weekly assessment balance. The insurance portion of the weekly assessments is to be separately recorded in this account. Parish should use sub accounts for different types of insurance paid (Flood, General Liability, Property, Workers Comp).
134-0	5270	Interest Paid on Debt	Expenses	Include interest payments on Archdiocesan borrowings made during the current year.
	5272	Information Technology Expense	Expenses	Include costs incurred for website design and maintenance, internet and email, and purchases of computers, printers, etc.
135-0	5275	Replacement of Equipment	Expenses	Include costs incurred for replacing minor furniture and equipment for the church, rectory or office. Do not include major replacements. These would be considered capital expenditures and should be included in those accounts (see 5400 section below).
	5280	Entertainment, Fairs and Fundraisers, etc. (use sub accounts as necessary)	Expenses	Include costs incurred related to activities conducted by the Parish to raise funds such as fairs, festivals, picnics, raffles, bingo, etc. Parish should use sub accounts for each different activity (fair, raffle, etc.).
	5282	Bank Charges	Expenses	Include costs incurred for bank fees, online giving fees, and other charges.
	5285	Payroll Fees	Expenses	Includes costs incurred for payroll fees.
128-0	5290	Miscellaneous Expense (use sub accounts as necessary)	Expenses	Include other miscellaneous Parish expenses which do not fit in any of the other categories such as dues and subscriptions, hospitality, etc.
	5300	Diocesan Assessments		
140-0	5310	Parish Share	Expenses	Include funds assessed by the Archdiocese to the Parish as its share of the financial support of the central office.
141-0	5315	Clarion Herald Subscriptions	Expenses	Include the costs of providing a subscription to the Clarion Herald to Parishioners. The amount due from the Parish is provided by the Clarion Herald.

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	5400	Capital Expenditures		
170-0	5410	Purchase of Real Property (use sub account for each building if necessary)	Other Expenses	Include the purchase of an existing building or purchase of mobile rooms that will be paid for in the current operating year.
171-0	5420	New Construction Costs (use sub account for each building if necessary)	Other Expenses	Include the cost of new construction such as additions to the church, new buildings, or new wings which will be paid for in the current year.
	5430	Renovations and Repairs (use sub account for each building if necessary)	Other Expenses	Include the cost of substantial alterations or changes to present facilities that will extend the useful life of these facilities or change them to make them more useful or desirable. Includes roof replacement, repaving, remodeling or similar projects.
172-0	5440	Furniture, Fixtures & Equipment (use sub account for each building if necessary)	Other Expenses	Include the cost of new or replacement furniture and equipment such as pews, carpeting, tables and chairs, office equipment, etc.
174-0	5450	Repairs and Replacement Covered by Insurance (use sub account for each building if necessary)	Other Expenses	Include the cost of repairs due to fire loses, water or storm damages, theft, etc. covered by insurance.

Appendix A

The following accounts are no longer in use:

021-0	Parish Societies or Organizations
034-0	Archdiocesan Development Program
036-0	Special Archdiocesan Campaigns
041-0	Money Borrowed from Archdiocese
042-0	Money on Deposit Withdrawn During the Year
050-0	Christmas Collection
051-0	Easter Collection
142-0	Archdiocesan Development Program
143-0	Special Archdiocesan Campaigns
150-0	Christmas Collection
151-0	Easter Collection
173-0	Furniture, Fixtures & Equipment - Rectory
180-0	Principal Payments on Parish Debt
181-0	Deposited with Archdiocese for Investment
182-0	Deposited with Archdiocese for School Endowment Fund
190-0	Clearing Accounts
301-0	Unpaid Payroll Taxes & Other Withholdings

Appendix B

Sample Credit Card Policy

Purpose

To establish rules governing the use of organization credit cards issued to employees. Use of credit cards should in no way affect established purchasing policies, but rather provide an alternative method of payment in rare circumstances.

Guidelines

1. The card may be used for business purposes only. The use of the card for personal expenses is strictly prohibited.
2. The card will have a credit limit of \$1,000 (*may set different limits for different employees*).
3. Use of the card for cash advances, traveler's checks and electronic cash transfers are prohibited.
4. All purchases will be within current budget line item amounts.
5. The person issued the card is responsible for its protection and custody, and shall immediately notify the credit card company and organization if it is lost or stolen.
6. Employees must provide the finance office with original itemized receipts to support all charges in a timely fashion. Receipts must show the date, purpose, and name(s) for which the expense was incurred.
7. Any person using a credit card for purchases that cannot be substantiated as a necessary purchase for official business will be subject to disciplinary action.
8. The credit card statements should be reviewed by the Pastor/Principal/Executive Director or other designated appropriate person.
9. Any person issued the card must immediately surrender the card to the organization when employment has ended.
10. All employees issued a credit card must sign an acknowledgement form stating that he or she has read and understands the policy and procedures governing credit card use.
11. Violations of this policy will result in loss of use of the credit card and possible disciplinary action and/or dismissal.

Appendix B

SAMPLE CREDIT CARD POLICY ACKNOWLEDGEMENT FORM

Name: _____

I have read the Organization's credit card policy and understand its provisions, and I agree to comply with the policy.

I understand that the credit card is to be used for work related purchases only.

I understand that if I do not abide by the credit card policy the use of the organization credit card will be terminated.

Date _____

Signature _____

Appendix C

Parish Name
Monthly Close Checklist
Month/Year

Oct	2018
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	Finance Person	Pastor Review	
Enter payroll			NOTES
Reconcile bank accounts			
Operating			
Fair			
Payroll			
Charitable Gaming			
Organizational/Ministry			
Reconcile petty cash			
Reconcile parish savings accounts at Archdiocese			
Reconcile investment accts (Catholic Foundation)			
Reconcile due from/due to school account			
Reconcile loans			
Reconcile payroll liability accounts			
Verify organization liability accounts agree with related accounts			
Reconcile all other balance sheet accounts			
Prepare balance sheet			
Prepare profit & loss			
Prepare budget vs actual and explain any significant balances			

TO DO: _____

Appendix D

Statement of Financial Position

As of June 30, 2018

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
Operating Checking	52,000
Building and Maint Account	23,400
Altar Society Checking	2,000
Men's Club Account	9,500
Total Bank Accounts	<u>86,900</u>
Other Current Assets	
Archdiocese of New Orleans - Savings	125,000
Catholic Foundation - Endowment Fund	455,244
Total Other Current Assets	<u>580,244</u>
Total Current Assets	<u>667,144</u>
TOTAL ASSETS	<u>667,144</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	2,310
Total Accounts Payable	<u>2,310</u>
Other Current Liabilities	
Funds Held for Others - Men's Club	9,500
Extra Diocesan Collections	
Black & Indian Home Missions	1,205
Catholic Communications	375
Total Extra Diocesan Collections	<u>1,580</u>
Assessment Liability	
Archdiocese - Balance due per Archdiocese Statement	27,850
Parish Share Assessment - Future Expense	(27,850)
Total Assessment Liability	<u>0</u>
Total Other Current Liabilities	<u>11,080</u>
Total Current Liabilities	<u>13,390</u>
Archdiocese of New Orleans - Unpaid Assessment Loan	12,500
Total Liabilities	<u>25,890</u>
NET ASSETS	
Unrestricted Net Assets	580,413
Net Income	60,841
Total Net Assets	<u>641,254</u>
TOTAL LIABILITIES AND NET ASSETS	<u>667,144</u>

Appendix D

Statement of Activities

July 2017 - June 2018

	<u>Total</u>
Income	
Ordinary Church Income	
Weekly Envelopes	150,002
Loose Collection	35,379
On - Line Giving	2,048
Collections at Special Devotion	1,879
Special Collections for Parish Operations	1,500
Total Ordinary Church Income	190,808
Extraordinary Church Income	
Interest Earned in funds on Deposit	987
Donation, Legacies	23,000
Clarion Herald Subscriptions	400
Religious Education	770
Mass Stipends	535
Total Extraordinary Church Income	25,692
Other Income	
Ministry Income	900
Total Other Income	900
Total Income	217,400
Expenses	
Personnel Costs	
Salary-Pastor & Associates	4,034
Salary - Administrative	5,535
Salary-Music Staff	6,155
Payroll Taxes	851
Health Insurance Costs	12,035
Retirement Cost	3,840
Total Personnel Costs	32,449
Other Parish Expense	
Sanctuary Expenses	1,007
Church Office Costs	652
Household Expenses	265
Utilities Expense	
Utilities - Electric	6,236
Utilities - Gas	155
Utilities - Water	221
Total Utilities Expense	6,612
Janitorial Supplies	1,500
Automobile & Business Expenses	1,200

Appendix D

Ordinary Repairs	1,699
Ministry Expense (Other than Salaries)	550
School Financial Support	16,121
Insurance Expense	12,467
Miscellaneous Expense	24
Total Other Parish Expense	42,097
Diocesan Assessments	24,000
Total Expenses	98,547
Net Operating Income	118,853
Other Income	
Special Building Campaigns	15,000
Non Assessed Income	5,000
Investment Activity net of fees	6,987
Total Other Income	26,987
Capital Expenses	
New Construction Costs	75,000
Furniture, Fixtures & Equipment	10,000
Total Capital Expenses	85,000
Net Other Income/(Expense)	(58,013)
Net Income	60,841