

DIOCESE OF SIOUX CITY

GUIDELINES FOR PARISH SPONSORED ORGANIZATIONS

The pastor, parish lay directors, and parish finance council are responsible for all activities of auxiliary organizations that act on behalf of the parish. This includes approval for fundraisers and expenditure of funds. These groups are not separate entities, they are incorporated with the parish. Although the group assists in raising the funds, the funds ultimately belong to the parish. It's important that on-going communication exist between the pastor, parish staff and these groups. These groups can tremendously enhance the parish community but only when they partner with the parish and realize the role they play.

The Parish bookkeeper is responsible for maintaining the bank accounts and completing the accounting for all parish organizations and auxiliary groups. The bookkeeper is also responsible for completing the accounting for the cemetery, youth, CYO, choir, charity, religious education/ministry, Thanksgiving, food pantry, etc. The accounting work includes:

- 1) Processing and posting all auxiliary group deposits to the parish accounting records.
- 2) Processing all payments for auxiliary group disbursements to the parish accounting records in accordance with the parish authorization and control procedures. To clarify, the auxiliary group should obtain pre-approval for purchases. The vendors should send invoices, statements, and other bills directly to the parish business office.
- 3) Processing reimbursements to auxiliary group volunteers for expenses. The member should forward receipts, vouchers and other supporting documentation to the bookkeeper for payment. Again, pre-approval should be obtained.
- 4) Obtaining the pastor's approval of payments and his signature on the checks. Only the authorized signers listed on the corporate resolution have approval to sign checks for the auxiliary groups and to be listed on the bank signature card. The auxiliary group treasurer should not sign checks or be included on the bank signature card. While the organization members input should be taken into consideration, the pastor and parish finance council make the final decision on the use of organization funds.
- 5) Completing monthly bank reconciliations in QuickBooks. The bank statements must be directed to the parish business office and reflect month end statement dates. These statements should not be mailed to the auxiliary group treasurer or any members personal address.
- 6) Achieving efficiencies in handling the auxiliary group bank accounts. It is recommended that these accounts be closed and the funds maintained in the parish checking account via a "sub-account" of checking to track the funds. This allows for the payments to be written on the parish electronic checks rather than using a manual checkbook and eliminates the need for a separate bank reconciliation.
- 7) Completing the necessary tax reporting, i.e., 1099-Misc, W-2G/1096, sales tax payment and annual gambling report, contribution records... This is done in conjunction with the parish tax reporting. The bookkeeper also obtains the permits/licenses required to hold a raffle.
- 8) Providing timely financial reports to the auxiliary groups as necessary.
- 9) Presenting the financial activities of the auxiliary groups to the pastor and finance council at the regular finance council meetings.
- 10) Maintain minutes of auxiliary group and finance council meetings in the parish business office.
- 11) Maintaining the payable and receivable records in the parish office.

Note: Catholic Daughters, Forresters, and Knights of Columbus are national organizations rather than parish sponsored auxiliary groups. They need to use the tax identification number (TIN) of their national organization or obtain a separate TIN. Under no circumstances should they use the parish TIN. Similarly, since these are not parish funds, the bank accounts do not belong on the parish financials.

DIOCESE OF SIOUX CITY
GUIDELINES FOR PARISH SPONSORED ORGANIZATIONS

NO EXCEPTION:

Prior to July 1, 2017, there was an exception for Men's and Women's Organizations (i.e., Women's Guild, Altar/Rosary Society, Men's Club) whereas the parish may elect for these organizations to have their treasurer maintain the accounting records for their organization if a specific list of conditions were met.

Effective July 1, 2017, this exception was eliminated. The parish bookkeeper is responsible for completing the accounting through the QuickBooks accounting software for all auxiliary groups.

Parishes must comply with this requirement!

Other Auxiliary Group Requirements

- 1) The auxiliary groups would not exist if it were not for the parish. The auxiliary groups must use the parish tax identification number (TIN). These groups do not have authority to use a TIN separate from the parish. The parish is included in the Official Catholic Directory (OCD) as tax exempt. This exemption does not pass on to auxiliary groups, even if improperly incorporated as a separate legal entity.
- 2) The auxiliary group bank accounts must be included on the parish balance sheet and the transaction activity maintained through the required QuickBooks accounting software. As mentioned previously, separate checking and savings accounts for these groups are not recommended. The funds can be more efficiently managed in subaccounts of parish checking.
- 3) Investments should NOT be held in the auxiliary group name. This includes certificates of deposit, investment funds, etc. These groups are in place to assist with the parish mission. A minimum amount of funds should be maintained in the auxiliary group accounts. This amount should be determined by the parish pastor and finance council based on the needs of the group and of the parish. "Excess funds" should be transferred to the parish for general parish operations or for a special need that the auxiliary group wishes to contribute towards, such as building improvements.
- 4) "Excess" funds are not reflected as an expense to the auxiliary group and income to the parish. Rather this is handled as a transfer from the auxiliary group checking account to the parish checking account.
- 5) At times the parish may pay an expense that the auxiliary group reimburses for. This also is not reflected as an expense to the auxiliary group and income to the parish. Similar to #4, this is a transfer from the auxiliary group checking to the parish checking account. When the parish makes the payment, it is recorded to expense. If the auxiliary group also records to expense, this results in two expense entries recorded in the profit & loss for one payment.
- 6) Auxiliary groups **should not accept contributions**. Donations must be directed to the parish business office so the proper acknowledgement of the contribution in accordance with IRS regulations can be made. Any restrictions placed on the funds can also be honored.
- 7) Auxiliary groups **should not pay for the following**:
 - a. Employee salary or contracted labor costs, such as cleaning or repairs.
 - Salary costs - must be processed via payroll with proper W-2 reporting
 - Contracted costs - the proper 1099s reporting must take place.
 - b. Parish operating expenses such as office supplies, altar & church supplies, ministry, or any other expense that is the responsibility of the parish.
 - c. Capital purchases for the parish, such as new freezers for the kitchen, tables and chairs for the parish hall, etc. These are fixed assets of the parish.

DIOCESE OF SIOUX CITY
GUIDELINES FOR PARISH SPONSORED ORGANIZATIONS

The above are parish costs (*not all inclusive*) and must be paid by the parish with the disbursement being recorded to the applicable parish expense account. The auxiliary group may contribute towards these costs by transferring funds to the parish as addressed in #4 and #5 above.

- 8) Auxiliary groups may pay for the following:
 - a. Fund raising expenses
 - b. Funeral dinner expenses
 - c. Other incidental expenses of the auxiliary group
- 9) Dues, fund raising revenues, and fees (such as funeral dinners) are deposited to the checking subaccount for the auxiliary group.
- 10) Contributions: On occasion the auxiliary group may wish to contribute money to the parish youth or other group, in doing so, this is not an expense to the auxiliary group and income to the youth group. As addressed in #4 above, this is a transfer from the auxiliary group checking account to the youth group checking subaccount. If preferred, a journal entry can be made to transfer the money from the auxiliary group income to the youth group (or other group) income.
- 11) Gifts: On occasion the auxiliary group wishes to provide a gift to the priest, employees, volunteers or other individuals for services performed. Keep in mind the parish may be providing a similar gift. The bookkeeper should be mindful of this to avoid duplication. In addition, the tax consequences should be evaluated. For instance, if an employee, the money may need to be paid via payroll. Cash gifts should not be given. Checks should be written to the recipient.
- 12) Raffles: The auxiliary group may be involved in events where raffles are held. Since there are federal and state requirements for managing raffles, the parish bookkeeper must be intricately involved in these raffles. This includes:
 - a. Obtaining necessary permits, licenses, dram shop, etc. Maintain in business office.
 - b. Deducting the applicable federal and state tax from raffle winnings and remitting it to the Internal Revenue Service and Iowa Department of Revenue.
 - c. Issuing the required IRS Form W-2G to raffle winners
 - d. Issuing the required IRS Form 1096 and W-2G to the IRS
 - e. Completing the required state gambling report
 - f. Above list is not all inclusive.

Cash prizes should not be given, rather winners should be paid via check.

- 13) Scholarships: Auxiliary groups have been known to give out scholarships. This is not recommended. Scholarship funds should be maintained by the parish. The following are necessary:
 - a. Written scholarship procedures listing purpose, criteria, etc.
 - b. Application for scholarship
 - c. Scholarship committee
 - d. Documentation to support approval of scholarships
 - e. Checks should be written to the college or school, not paid directly to the recipient.

Auxiliary groups are expected to follow the Diocesan Financial and Internal Control Norms and Diocesan Standard Chart of Accounts.