



**Diocese of Santa Rosa**



**Parish Financial  
Management Handbook**

**Revision Date: July 14, 2020**



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# Diocese of Santa Rosa

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Pastors and Parishioners of the Diocese of Santa Rosa:

After several years of work, on the part of Dave Adams and Monsignor Whelton, we presented, in July 2018, a Parish Financial Management Handbook. Since this is an ongoing project we are constantly reviewing and evaluating this document. The present version (7-14-2020) includes modifications to Sections 7 and 14 and the addition of Appendix D on remuneration for priests. Like the previous version, this most recent version is made available to all through the Diocesan website. It is especially intended and useful for Pastors, Parochial Administrators, Parochial Vicars, Principals and Parish Finance Councils.

I mentioned in my Pastoral Letter on Evangelization that Pope Emeritus Benedict XVI referred to an appropriate “co-responsibility” which is to exist between Pastors and Parishioners. That ‘co-responsibility’ extends to the stewardship of the physical elements of the parish buildings as well as to the financial resources entrusted to the Parish and its Pastor or Parochial Administrator.

This role of “co-responsibility” is especially entrusted to the Members of the Parish Finance Council. In that regard, I call your attention to Page 5, paragraph 2.17: “**NOTE** Members of the Parish Finance Council are to be especially vigilant with regard to the statutes of this Parish Financial Management Handbook. Becoming a Member of the Parish Finance Council means taking on a stewardship role together with the pastor and a working knowledge of the contents of this Handbook will strengthen a Member’s ability to fulfill this role.”

I believe that this Handbook has already proven to be a useful tool. I trust that the revised Handbook will likewise assist you in the very important role, which you share in different degrees with your pastor, of being good stewards of the resources entrusted to your Parishes.

I pray that God continue to shower every good grace and blessing upon you.

Sincerely yours in Christ Jesus,

The Most Reverend Robert F. Vasa  
Bishop of Santa Rosa



# Parish Financial Management Handbook

## Diocese of Santa Rosa

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## 1- EXCEPTIONS TO POLICIES

**1.1.** The following policies (statutes) are particular law for the Diocese of Santa Rosa. It may be difficult for smaller Parishes or Schools to follow some of these policies. Any exception to a policy must be documented by the parish and /or parochial School with reason/s why a policy cannot be followed. The Parish or Mission is to prepare a Proposed Alternate Policy which, if approved by the Pastor/Principal and Parish Finance Council, is to be submitted to the Diocesan CFO for review with final approval by the Bishop.

## 2- PARISH FINANCE COUNCIL

**Note:** These policies set forth the purpose and responsibilities of the Parish Finance Council and the qualifications required of its members. Canon 532 requires that the Pastor or Parochial Administrator ensure that all Parish goods are administered in accordance with canons 1280 - 1288. Canon 537 requires each Parish to establish a Finance Council to help the Pastor or Administrator steward the goods of the Parish. The Diocese refers to such a Council as the “Parish Finance Council.” (See Appendix B: Statutes for Parishes and Missions of the Diocese of Santa Rosa). In this document all references to the Parish Finance Council mean a Council in communion with the Pastor and not independent of him.

In the administration of the temporal goods of the parish, Canon 532 states that the Pastor is the only authorized representative of the parish. In all juridic matters, the Pastor represents the parish and he is to ensure that parish temporal goods are administered in accordance with Canons 1281 – 1288. While the consent of the Parish Finance Council is not required for acts that require the Council to be consulted, the Pastor is not to disregard lightly the unanimous or nearly unanimous opinion of the Council members.

**2.1. Policy** Every incorporated Parish and Mission of the Diocese of Santa Rosa is to have a Parish Finance Council to advise the Pastor in financial matters (Canon 537). Incorporated and unincorporated Missions may share a Finance Council with the related Parish. Assets of separately incorporated Missions must be accounted for separately from the assets of the Parish.

**2.2. Policy** The Parish Finance Council is to consist of members of the Parish, either by residence or registration, who have been baptized in the Catholic Church or have been received into the Church by a Profession of Faith, who remain in communion with the Catholic Church, are not excluded by a legitimate sanction and who are skilled or expert in financial management, finances, civil law, and/or general business matters and are of impeccable integrity.

**2.3. Policy** The Parish Finance Council is a formal group of parishioners appointed by the Pastor to provide assistance on matters touching the administration of the temporal goods of the parish. The Council is to be comprised of a minimum of three and a maximum of seven members in addition to the Pastor. The members are to be appointed for a fixed term of two or three years. A member may not serve for more than two consecutive terms. No parish employee or member of the immediate family of a parish employee may serve on this Council. No members of this Council are to be related by blood or marriage to the Pastor.

**2.4 Policy** When a parish is vacant, that is when there is no Pastor, the Parish Finance Council ceases to function. The members may be asked to assist in financial maintenance by the Bishop or the Parochial Administrator who in Canon Law has the same rights and duties as a Pastor. The Parish Finance Council may never meet or conduct any Parish business without the presence or express consent of the Pastor.

**2.5. Policy** The Parish Finance Council will review the Parish Financial Statements at least quarterly and assist the Pastor in developing the annual Parish Budget.

**2.6. Policy** If a Parish has a related School, the Parish School must submit Financial Statements to the Pastor and Parish Finance Council regularly throughout the fiscal year, but in no case less than once a quarter. Annually, each Parish School must submit to the Pastor and the Parish Finance Council on or before June 30, the School's proposed budget for the next year, and on or before July 31, the School's year-end financial statements. These quarterly statements and the proposed budget are also to be submitted to the Superintendent of Schools.

**2.7. Policy** Members of the Parish Finance Council are permitted to serve as volunteers in other capacities with the Parish [e.g. lectors, ushers, catechists, etc.] provided these other roles do not create a conflict of interest.

**2.8. Policy** Before appointing the members of the Parish Finance Council the Pastor shall propose the names of his candidates to the Parish Pastoral Council for its consideration. After having heard from the Council, however, the Pastor may freely appoint his financial consultants. The Pastor may remove a member of the Parish Finance Council only for the most serious reasons and only after having consulted his Parish Pastoral Council.

**2.9 Policy** Parish Finance Council meetings are open to all parishioners unless sensitive information is being discussed. An agenda is to be prepared and published before each meeting. Minutes of each meeting are to be maintained and kept on file in the parish archives and are to be available for inspection by the Bishop or his delegate when requested. An odd number of members on the Council is recommended so that the presence of a quorum of one more than half can be easily ascertained. Members of parish staff may be asked to attend a meeting to provide pertinent information.

**2.10. Policy** The Pastor is to consult with the Parish Finance Council on the following matters:

- 1) Any unbudgeted, undisclosed commitments of Parish resources or funds in excess of \$10,000;
- 2) The management of funds that the Parish is authorized to retain and manage;
- 3) The Annual Financial Reports and Annual Budget of the Parish; and
- 4) If applicable, the Annual Financial Reports and Annual Budget of the Parish School.
- 5) The Parish Finance Council is to assist the Pastor in formulating and reviewing the Annual Financial Report to be provided to the Parish community, as required by canon 1287, §2.
- 6) Advise the Pastor on appropriate investment of funds that are surplus to operating expenses (See Statutes for Parishes and Missions, Article 24, Subsections 24.8.1-3, Appendix B).

Though advice is given and received, the Pastor remains the juridical authority of the Parish and is responsible for all final decisions.

**2.11. Policy** The Pastor must have the consent of the Parish Finance Council and the Bishop in order to alienate or place in jeopardy (e.g. offer as a collateral) church goods which are part of the stable patrimony of the parish (See Statutes for Parishes and Missions, Articles 33-37, Appendix B).

**2.12. Policy** All insurance of Parish properties is to be arranged only through the Chancery. The Pastor, together with the Parish Finance Council, is to determine if earthquake insurance is required (See Policy 25, Insurance, page 27).

**2.13. Policy** The Policy for the use of Parish facilities by parishioners for personal gatherings or by outside groups is to be determined by the Pastor in consultation with the Parish Finance Council and Parish Pastoral Council. That Policy, however, must assure that the proper insurance coverages are in place, either showing that the Group has their own insurance with the Parish named as an "Also Insured" or a "Special Events" Policy through Catholic Mutual.

**2.14. Policy** Each Parish is to establish a written alcohol utilization policy for its own Parish facilities. It is highly recommended that any consumption of alcohol on Parish premises be strictly prohibited. If the Parish determines that the use of alcohol, under strictly controlled conditions, is to be permitted, then great care is to be exercised to see to it that all legal and liability issues are researched thoroughly.

**2.15. Policy** It is the responsibility of the Parish Finance Council to observe the prescriptions of the Diocese relative to bookkeeping, financial reporting or any issue which is related to temporal administration (Canon 1284).

**2.16. Policy** The Parish Finance Council is to exercise vigilance with regard to collections and cash management. They are also to be interviewed and are to assist in the periodic parish audits arranged or performed by the Diocese.

**2.17. NOTE** Members of the Parish Finance Council are to be especially vigilant with regard to the statutes of this Parish Financial Management Handbook. Becoming a Member of the Parish Finance Council means taking on a stewardship role together with the Pastor and a working knowledge of the contents of this Handbook will strengthen a Member's ability to fulfill this role.

### **3- SCHOOL FINANCE COMMITTEE**

**3.1. Policy** Each Parish School must have a School Finance Committee that operates according to the regulations set forth by the Diocese. If there is no separately formed School Finance Committee, the Parish Finance Council will act as the School Finance Committee.

**3.2. Policy** Members of the School Finance Committee shall be drawn from the School and Parish community. A majority of the members are to have children currently attending the School. They are to have some demonstrable skills or expertise in financial management, finance, civil law, general business matters, or education. They must be persons of impeccable integrity.

**3.3. Policy** The School Finance Committee shall be made up of between three and nine members, not including the Principal, the School office/business manager, the School accountant, and the Pastor. No School employee or member of the immediate family of a School employee may serve on the School Finance Committee. No members of the School Finance Committee shall be related to the Principal or Pastor.

**3.4. Policy** Members of the School Finance Committee shall be appointed by the Principal for a fixed term of three years and may not serve more than two consecutive terms. Members may be terminated by the Principal after consulting with the Pastor or by the Pastor after having consulted with the Principal.

**3.5. Policy** Each School Finance Committee will regularly review the School Financial Statements, but no less than quarterly, and develop the School Budget.

**3.6. Policy** The School Finance Committee shall ensure the Parish School submits Financial Statements to the Pastor and Parish Finance Council regularly throughout the fiscal year, but in no case less than once a quarter, and annually, the School's year-end financial statements and proposed budget for the next year.

**3.7. Policy** Members of the School Finance Committee are permitted to serve as volunteers in other capacities with the School (e.g. coaches, yard supervisors, etc.) if such other role or roles do not create a conflict of interest.

**3.8. Policy** The Principal of each Parish School shall consult with the School Finance Committee and the Pastor on the following matters:

- 1) Any unbudgeted, undisclosed commitment of School resources in excess of \$10,000;
- 2) The management of funds that the School is authorized to retain and manage; and
- 3) The Annual Financial Reports and Annual Budget of the School.
- 4) The School Finance Committee shall assist the Principal in reviewing and formulating the Annual Financial Report provided to the School community.
- 5) The Principal shall present the recommendations of the School Finance Committee for committing School resources in excess of \$10,000 to the Pastor, who remains the juridical authority for final decision.

## **4- COLLECTIONS AND CASH HANDLING**

### **4.1. Collections**

**4.1.1. Policy** A parish representative, other than a member of the Count Team, shall place a sufficient amount of tamper-proof pre-numbered plastic bags (“Collection Bags”) in the church prior to church services to ensure that one Collection Bag can be used for each collection taken during the church services that day. Collection Bags are to be numbered sequentially in a Collection Bag Log. If any Collection Bags are not in sequence or any Collection Bags are missing, an investigation shall be undertaken to determine what happened and a written report of the findings immediately provided to the Pastor.

**4.1.2. Policy** All Collections shall be in the stewardship of two persons not related to each other by blood or by marriage and handled as follows:

- 1) After being taken up, the Collection shall be placed into a Collection Bag either when the Collection is completed or immediately after the Collection is removed from the altar;
- 2) The Collection Bag shall be sealed;
- 3) The Collection Bag shall be signed and dated by the person who placed the collection into the Collection Bag and at least one witness;
- 4) The Collection Bag shall immediately be placed into a locked safe; and
- 5) Notify the Count Team in writing of any missing or out-of-sequence Collection Bags.

Any person who performs any of the above duties shall not be a member of the Count Team. Once a Collection Bag has been sealed, it shall not be opened for any reason, including, but not limited to, adding additional amounts to the collection.

**4.1.3. Policy** Access to the locked safe in which Collections are placed shall be limited to as few people as is practical and based on “need to access.” If the locked safe is not located in church, at least two people who are not related to each other shall transport the Collection Bags to the safe.

**4.1.4. Policy** Collection Bags must remain in the locked safe until removed for counting and deposit. Only persons appointed by the Pastor shall remove Collection Bags from the safe. No fewer than two people, who are not related to each other by blood or marriage and excluding the parish representative who places collection bags in the church, must be present when the locked safe is opened and the Collection Bags removed and transported to be counted.

**4.1.5. Policy** Storing, handling and transporting money presents opportunities for theft as well as potential danger to the people involved therein. It is highly recommended that money be stored in secure safes and that the areas where cash is stored, handled or counted have security cameras placed that can record activity and immediately transmit the images to off-site storage.

**4.1.6. Policy** No fewer than two members of the Count Team shall be present when Collection Bags are opened and money counted. No member of the Count Team shall be an usher, a distributor of Collection Bags, a recorder of Collections in QuickBooks, related by blood or marriage to any other count team member, or have check writing authority. It is fitting that pastors observe but not participate.

**4.1.7. Policy** The Count Team shall keep a log of each Collection Bag, whether utilized or not. The Count Team's log shall be compared to the signatures of the people who sealed the Collection Bag and placed it in the safe. Missing or out of numerical sequence Collection Bags must be immediately investigated to determine the reason. A written report shall be immediately provided to the Pastor if the reason cannot be determined or if the reason might suggest theft.

**4.1.8. Policy** All cash shall be counted twice (by two different people) and the totals compared to ensure they match. If the counts do not match, the cash shall be recounted until the totals match.

**4.1.9. Policy** Cash shall not be removed from a Collection Bag except to be counted and deposited. "Separate funds," including petty cash, are not to be established or restored from any Collection. Checks may not be exchanged for cash from any Collection. [This intentionally prohibits someone from issuing a check to the Parish for an amount and receiving back from the Collection Cash an amount equal to or less than the amount of the check being cashed.]

**4.1.10. Policy** All sums in a Collection Bag are to be deposited into the Parish Bank Account. If a portion or all of a particular Collection has been taken up with a specific restriction, that restriction shall be recorded and identified for that Collection.

**4.1.11. Policy** Once placed in a Collection Bag, checks are not to be removed from the Collection Bag until counted. All checks shall be endorsed with a preapproved endorsement stamp before being deposited in the Parish Bank Account.

**4.1.12. Policy** The Count Team shall create a Collection Tally of each Collection. The Collection Tally is a log that includes the following information for each Collection Bag:

- 1) The date, time and purpose of the Collection;
  - 2) The total amount counted; and
  - 3) The signatures of two members of the count team verifying the accuracy of the total amount counted.
- All entries in the Collection Tally shall be in non-erasable ink.

**4.1.13. Policy** It is vital that the safety of anyone involved in the handling or depositing of money be considered at all times. No parish employee or volunteer should ever be asked to handle or deposit money if it will unnecessarily expose them to danger. Accordingly, night deposits are to be carefully considered before being authorized.

**4.1.14. Policy** After a Collection is counted, all monies shall be deposited in the bank immediately or placed in a safe for later deposit or for pick-up by an armored courier service. Deposit slips shall be prepared and signed by two members of the Count Team who agree on the total amount being deposited.

**4.1.15. Policy** Whenever a bank deposit is made, at least two persons unrelated to each other must be involved. The bookkeeper or person who accounts for Collections is prohibited from making any deposits.

**4.1.16. Policy** The Diocese suggests that Parishes consider using an armored car service to transport money to the bank. This reduces the exposure of parish volunteers and employees to robbery. If an armored courier service is used, the Parish must have an approved safe to hold money until collected and hire a reputable armored courier service.

**4.1.17. Policy** If the Collection Tally and the amounts deposited do not reconcile, as soon as is practical, the Parish bookkeeper or administrator is required to investigate the matter, determine the reason(s), and immediately make a written report to the Pastor.

## **4.2 Cash Handling**

**4.2.1. Policy** A Parish or School representative will provide tamper-proof pre-numbered plastic bags for Parish, School or auxiliary organizations to secure cash received. They will ensure the bag numbers are in numerical sequence and note any missing numbers. A simple log must be used and signed by the person who performs this duty.

**4.2.2. Policy** All cash must be placed in tamper-proof pre-numbered bags. Once cash is received, two or more persons place the cash in the bag. Each bag must be sealed and tested to ensure cash security. Each bag must be signed by two persons who witnessed the secure seal.

**4.2.3. Policy** After the Collection Bag is securely sealed, the Bag must be locked in a Parish or School safe. Access to the safe shall be limited to as few persons as is practical. When cash must be moved at least two persons must transport the funds to the safe.

**4.2.4. Policy** Cash is to remain locked in the safe until at least two counters arrive, which is the minimum of number of persons required to open bags and count cash. Anyone who distributed the bags, accounts for collections or has check writing authority is prohibited from opening the Bags or counting cash.

**4.2.5. Policy** The cash counters are to keep a log of the numerical sequence of the bags. This log is to be compared to the log made up by the person who dispersed the bags. Any missing bag numbers and out of sequence situations will be researched by the cash counters at the time of counting.

**4.2.6. Policy** The bags must not be opened to “add” a check or envelope or for any other reason.

**4.2.7. Policy** Cash must not be removed from the count before it is deposited. Cash must be deposited at the bank intact and recorded per donor intent. “Separate funds,” including petty cash, are not to be established or restored from any cash count. Checks may not be exchanged for cash from any cash handling process.

**4.2.8. Policy** The cash counters create a cash tally with total amount in non-erasable ink. Each tally must be signed by two counters who agree on the total amount. Deposit slips must be signed by two counters who agree on the deposit total amount. The bookkeeper or administrator is to investigate any variances between tallies and deposits.

**4.2.9. Policy** The cash counters tabulate the cash contribution envelope amounts and provide the calculator tape and banded contribution envelopes to the bookkeeper for posting.

**4.2.10. Policy** Bank deposit must be made after the cash is counted. At least two unrelated persons must transport the money to the bank. Anyone who records cash in QuickBooks is prohibited from depositing cash.

## **4.3 Handling Checks**

**4.3.1. Policy** Checks are to be secured in the bag until counted, then endorsed before being deposited.

**4.3.2. Policy** Checks are bundled in groups 70 or less, and adding machine tapes are created for each bundle. A deposit slip is prepared listing all bundles.

**4.3.3. Policy** Check bundles are given to the bookkeeper for posting to parishioners' accounts.

**4.3.4. Policy** After posting checks, control totals from the deposit slips for checks and cash contribution envelopes are reconciled to the total recorded in the parishioner contribution tracking system. Bundled checks are then deposited at the bank.

**4.3.5. Policy** A monthly log is maintained reconciling posting of collection cash and checks to the parishioner contribution tracking system and the general ledger. The monthly log is reviewed by a member of the Parish Finance Council.

#### **4.4 Other Monies Received**

**4.4.1. Policy** Each Parish and School must have a written policy documenting the processing of other monies received. The sources of these monies include payments for mass intentions, use of facilities, School lunch fees, etc.

**4.4.2. Policy** Monies received during the week (other than collections and cash handling) must be recorded in a way that the person who accounts for receipts can verify the amounts from a receipt book with the original given to the individual, or, electronically. The bookkeeper or administrator is to investigate any variances between receipt slip totals and deposits.

**4.4.3. Policy** Checks must be restrictively endorsed upon receipt and all monies received must be locked in a Parish or School safe as soon as received.

**4.4.4. Policy** Cash must not be removed from monies received. Cash must be deposited at the bank intact and recorded per donor intent. "Separate funds," including petty cash, are not to be established or restored from any cash count. Checks may not be exchanged for cash from other monies received.

**4.4.5. Policy** Bank deposits must be made as soon as possible after the monies received have been counted. At least two unrelated persons must transport the money to the bank. Anyone who records other monies received in QuickBooks is prohibited from depositing receipts.

#### **4.5 Other Receipts – Special Events/Festivals**

**4.5.1. Policy** The collection counting policies outlined in sections 4.1 to 4.3 are to be followed for special events/festivals.

#### **4.6 Location of Collections/Other Receipts**

**4.6.1. Policy** Collections are always to be stored / counted on Church, Parish or School property and are never to be taken to other locations other than directly to a bank for deposit.

**4.6.2. Policy** ANY violation of **4.6.1. Policy** shall be considered a serious breach of trust and shall result in restriction of volunteer status.

## **5- BUDGET AND FINANCIAL REPORTS**

### **5.1 Budget**

**5.1.1. Policy** A Budget is a report listing the anticipated revenues and expenses for the subsequent fiscal year (“Budget”). A Budget shall have enough detail to provide those who are required to rely on it, such as the Pastor, the Parish Finance Council, and other persons assisting in the management of the Parish, with sufficient information so they can prudently make financial decisions. The purpose of the Budget is to provide guidance in the handling Parish financial affairs.

**5.1.2. Policy** Each Parish and cost center within a Parish [e.g. Gift shop, etc.] is required to prepare an annual Budget. The Budget must be completed and submitted for review by the Parish Finance Council no later than May 31 of the current fiscal year and approved by the Parish Finance Council by no later than June 15.

**5.1.3. Policy** Schools must prepare a preliminary budget by March 31, prior to issuing contracts to teachers. The preliminary budget must be approved by the School Finance Committee, the Pastor and the Parish Finance Council and submitted to the Diocesan School Superintendent. A final budget must be completed by June 1 and approved by the School Finance Committee, Parish Finance Council and the Pastor. The final budget is submitted to the Diocesan School Superintendent. If the Budget shows a deficit of more than \$10,000, a written report shall be submitted to the Diocesan School Superintendent and Diocesan CFO no later than June 30 of the fiscal year preceding the Deficit Budget.

**5.1.4. Policy** All Budgets are required to be balanced or show a surplus. If it is not possible to submit and approve a Balanced Budget, the source of funds needed to make-up the deficit (e.g. savings, loans) must be identified and submitted to the Parish Finance Council and approved by the Pastor. If the Budget shows a deficit of more than \$10,000, a written report shall be submitted to the Diocesan CFO no later than June 30 of the fiscal year preceding the Deficit Budget.

**5.1.5. Policy** If the Parish or School has a fiscal year deficit, the Pastor will sign and send a letter to the Diocesan CFO no later than July 31 explaining why the budget was in deficit, and what steps were taken to avoid a deficit in the upcoming fiscal year.

### **5.2 Financial Reports**

**5.2.1. Policy** Financial Reports shall be submitted monthly to the Pastor and the Parish Finance Council. Monthly reports shall be submitted no later than 30 days after the end of the reported period. The Financial Reports shall include a profit and loss statement and a balance sheet.

**5.2.2. Policy** Financial Reports must be prepared on a cumulative year-to-date basis and compare actual revenues and expenses to budgeted amounts and prior year-to-date amounts. Any significant differences from the Budget and any unbudgeted items shall be explained. The balance sheet report must include beginning and ending cash balances.

**5.2.3. Policy** All Parish organizations shall prepare an annual financial report for each fiscal year [all end June 30] and submit it to the Pastor and the Parish Finance Council by no later than July 31 of each year.

**5.2.4. Policy** All Parish financial reports and supporting records, as well as those of all Parish Organizations are subject to review and examination by the Pastor and Parish Finance Council.

**5.2.5. Policy** All Parish financial reports are due at the Chancery by August 31<sup>st</sup> each year.

## 6 - FIXED ASSET CAPITALIZATION

**6.1. Policy** The policy of the Diocese is to capitalize fixed assets that have a useful life of more than one year and an acquisition cost or manufactured cost of \$5,000 or more (see definitions below at 6.3 and 6.4). Fixed assets are capitalized when the asset is purchased, built, or leased. Multiple assets acquired in one transaction whose individual cost is less than \$5,000 but in aggregate cost more than \$25,000 are also capitalized. Assets capitalized by the Diocese are referred to as Capital Assets.

**6.2. Policy** All Capital Assets shall be recorded on the Fixed Asset Ledger of the entity involved [e.g. Diocese, Parish, School, etc.] and identified with a control number for tracking purposes.

**6.3. Policy** Acquisition Cost is the net invoice price of the asset including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the asset operable plus charges such as the cost of installation, transportation, taxes, duty, or in-transit insurance.

**6.4. Policy** Manufactured cost is the cost to assemble, manufacture, and/or program and item using purchased materials, and in-house machinery, tools, or labor. The agency manufacturing the assets must receive the approval of the Diocesan CFO to capitalize a manufactured asset.

**6.5. Policy** Subsequent additions, alterations and renovations to a Capital Asset are capitalized only when these costs are at least \$5,000 and constitute an asset improvement. Improvements appreciably prolong the life of the asset, materially increase its value, or adapt it to a different use. An example of an improvement is replacing the roof on a building. Repairs are expenditures that keep the asset in ordinary efficient operating condition. A repair does not add to the value or prolong the life of the asset. An example of a repair is fixing a hole in the roof. All repair is expensed to the appropriate account in the year incurred.

**6.6. Policy** Purchased software or software development is generally considered a Capital Asset. Costs associated with software maintenance and customer support are usually considered expense items and are not be capitalized.

**6.7. Policy** Donated Assets are covered by this policy. If a Donated Asset is considered a Capital Asset, the recorded value of the asset will be the fair market value of the asset at the date of the gift. Generally, the fair market value is the price the item or a comparable item would be sold at retail, taking into account the age and condition of the property on the date of the gift.

**6.8. Policy** All fixed assets, except Land, are to be depreciated on a straight-line basis once placed in service. Expenses incurred before the asset is placed in service must be capitalized and segregated as construction-in-progress on the balance sheet. Once the capital asset is placed in service, the cost is to be capitalized by depreciable life category and depreciated.

**Note:** Assets are depreciated over a period of time referred to as the depreciable life. The following is a table that should assist in making this determination. Any final decision should be made with input from the Diocesan Office of Financial Services.

<b>Category</b>	<b>Depreciable Life</b>
Land	- - Not Depreciable
Land Improvements (fences, driveways)	15 years
Office Furniture, Fixtures, Equipment	5 years
IT equipment and accessories	3 years

<b>Category</b>	<b>Depreciable Life</b>
Computer Software	3 years
Vehicles	5 years
Residential Buildings	30 years
Residential Improvements	15 years
Commercial Buildings	30 years
Commercial Improvements	15 years
Parish or School Buildings	30 years
Parish or School Improvements	15 years
Leasehold Improvements	Remaining Lease
All Other	3 years

**6.9. Policy** An asset is retired from the fixed asset ledger when it has been determined that the asset is no longer operable, has been replaced, has been sold, or is no longer available for use. The net fixed value of the assets [acquisition/manufacturing cost less accumulated depreciation] at that time must be accounted for as a gain/loss and the cost and accumulated depreciation removed from the books.

## **7 - ALLOWANCE, PROVISION, REIMBURSEMENT – CLERGY**

**Note:** This policy is to cover authorized classes of expenditures only where direct payment to the vendor is not possible or impractical. The payments are to be made in the form of allowance, provision or reimbursements.

### **Definitions:**

*Allowance:* An allowance is an amount paid when no proof is required as to how the amount is spent such as a car allowance for the regular use of an individual's vehicle for Parish or School purposes.

*Provision:* A provision is when a good or service is provided to the recipient without a direct cash payment, such as meals or lodging.

*Reimbursement:* A reimbursement is an amount paid to someone who has or will spend that amount from their own funds for the benefit of the Parish or School.

**7.1. Policy** The car allowance for clergy is approved annually by the Bishop and changes may not be made by the Pastor or the Parish Finance Council.

**7.2. Policy** In general, allowances are to be paid by way of the Diocesan Payroll Office.

**7.3. Policy** Provision for lodging and/or meals (Room and Board) is covered in APPENDIX D - Remuneration for Priests. Meal Allowance or Reimbursement is also covered in APPENDIX D.

**7.4. Policy** Payment of reimbursements to clergy, for expenditures incurred for the benefit of the Parish, will be made in accordance with this policy.

**7.5. Policy** Reimbursement of expenditures made on behalf of the Parish can be made if the following administrative guidelines are followed:

- 1) The expenditure has been specifically authorized in advance by the Pastor;

- 2) Detailed receipt is presented at the time that the reimbursement is requested;
- 3) An explanation of the nature of the expenditure and the reason that it could not be billed directly to the Parish or School accompanies the request;
- 4) All requests for reimbursement will be reviewed and initialed by the Pastor, except in the case of reimbursement to the Pastor, which will be reviewed and initialed by a member of the Parish Finance Council.
- 5) There is no conflicting relationship between the person requesting the reimbursement and the person / business providing the goods or services; and
- 6) All reimbursements are subject to audit by the Parish Finance Council.

**7.6. Policy** For information on personal cell phone costs, See APPENDIX D - Remuneration for Priests.

**7.7. Policy** All payments to employees, including the Pastor, Parochial Administrator and Parochial Vicar, except for minimum petty cash payouts, shall be made by check.

## **8 - REIMBURSEMENT – RELIGIOUS AND LAITY**

**8.1. Policy** Payment of sums to religious and laity for expenditures incurred for the benefit of the Parish and School will be made in accordance with this policy.

**8.2. Policy** Pastors and Principals are strongly discouraged from permitting the laity to incur expenses for which they seek reimbursement if direct payment to the vendor is possible and practical.

**8.3. Policy** Reimbursements are permitted if the following administrative guidelines are followed:

- 1) The expenditure has been specifically authorized in advance by the Pastor or Principal;
- 2) A detailed receipt is presented at the time that the reimbursement is requested. Any reimbursement for meals should include a list of attendees and the business reason for the meal.
- 3) An explanation of the nature of the expenditure and the reason that it could not be billed directly to the Parish or School is to accompany the request;
- 4) The request for Reimbursement is reviewed and approved by the Pastor or Principal in writing;
- 5) There is no conflicting relationship between the person requesting the reimbursement and the person or business providing the goods or services; and
- 6) All Reimbursements are subject to audit by the Parish Finance Council or School Finance Committee.

**8.4. Policy** All Reimbursements in excess of \$1000 shall be reported to the Parish Finance Council or School Finance Committee at its next meeting following the Reimbursement.

**8.5. Policy** All payments to employees, except for minimum petty cash payouts, shall be made by check or direct deposit.

## **9 - AFFILIATED ORGANIZATIONS**

### **9.1. Sponsored Societies**

**9.1.1. Policy** A “Sponsored Society” is defined as an organization that is promoted within a Parish to perform certain functions separate and apart from the Parish, including, but not limited to, charitable acts of feeding and clothing the poor, assisting the sick and elderly, and helping the imprisoned.

**9.1.2. Policy** All Sponsored Societies that utilize the national or regional organization’s tax ID number are required to provide an accounting of their activities to the Pastor as often as the Pastor shall request, but no less than annually. At a minimum, Sponsored Societies shall provide the Pastor with Financial Statements [i.e. an account of all revenues and expenses and a Balance Sheet.] The annual accounting shall be submitted to the Pastor on or before July 31 of each fiscal year. [Note: The suggested format for a Financial Statement can be obtained from the Diocesan Finance Office.]

**9.1.3. Policy** All fundraising activities of Sponsored Societies, including one-time and special events, shall be approved in writing by the Pastor and the appropriate Diocesan office prior to the activity being announced.

**9.1.4. Policy** Sponsored Societies shall provide to the Pastor and the Parish Finance Council a copy of the Liability Insurance Form showing the Parish as an ALSO INSURED.

### **9.2. Parish or School Organizations**

**9.2.1. Policy** Any group, organization, club or Sponsored Society that utilizes the Parish tax ID number must provide an accounting for all revenues and expenses to the Pastor or Principal, as often as the Pastor or Principal shall request, but no less than annually.

**9.2.2. Policy** The corresponding bank accounts must follow Policy 21 – Banking and Savings Regulations.

**9.2.3. Policy** The Pastor or Principal may determine whether the Parish or the School will administrate the finances associated with these accounts.

**9.2.4. Policy** Parish or School organizations utilizing the Parish tax ID number shall have their financial activity consolidated in the Parish or School Profit and Loss Statement and Balance Sheet reported in the Parish or School’s Annual Financial Report submitted to the Diocese. [Note: It is highly recommended that the Parish or School retain all original bank statements of Parish or School organizations before forwarding a copy to the organization.]

**9.2.5. Policy** Organizations such as St. Vincent de Paul Society that are allowed to participate in second collections will receive one check from the parish for each second collection. The St. Vincent de Paul collection will be counted and deposited using the standard collection counting processes.

**9.2.6. Policy** The Pastor will be a signer on all accounts that have the Parish tax ID number and these accounts will be reconciled by the Parish or School bookkeeper.

### **9.3. Other Organizations**

**9.3.1. Policy** Before any Other Organization that uses its own tax ID number is permitted to solicit money on Parish or School property, the Organization is required (i) to submit a budget to the Pastor that details

the intended use of the proceeds, (ii) agree to provide an accounting of the amount raised, and (iii) obtain the written approval of the Pastor before the fund-raising activity is announced or advertised. Within 14 days of the solicitation activity, the 501(c)(3) Organization shall also provide an accounting to the Pastor of the funds raised.

## 10 – VISITING MISSIONARIES

**Note:** Missionaries from other Dioceses / Religious Communities visit Parishes to present their needs and take up a second collection to benefit their diocese/order.

**10.1. Policy** All visiting missionaries need to apply to the Diocese via the Mission Director of the Diocese.

**10.1.1. Policy** The Mission Director will issue an instruction sheet to the visiting missionary and to the Parish Pastor or Parochial Administrator.

**10.1.2. Policy** A visiting missionary needs to provide a Letter of Suitability to the Chancery and Parish.

**10.2. Policy** All monies received in the second collection will be processed through the normal Parish collection counting process and remitted to the Chancery.

**10.2.1. Policy** The Chancery will make payment directly to the Diocese / Religious Community of the visiting priest/missionary.

**10.2.2. Policy** The visiting missionary is not to take any monies directly from parishioners nor is he to hand out envelopes with a hope of garnering future donations.

## 11 - CHARITABLE FUNDRAISING GAMBLING

**Note:** This policy concerns all activity conducted by Parishes and Schools of the Diocese that would be considered gambling. California Business & Professions Code §19986 permits eligible nonprofit organizations to use various gambling activities (excluding raffles and bingo, which are legal under different provisions) to further the purposes and mission of the nonprofit organization. “The Roman Catholic Bishop of Santa Rosa” and “The Roman Catholic Welfare Corporation of Santa Rosa” and all Parish corporation soles (collectively the “Diocese of Santa Rosa”), are organizations that qualify under Business & Professions Code §19986 to conduct gambling fundraisers.

**11.1. Policy** The Diocese of Santa Rosa authorizes Parishes and Schools to hold gambling fundraisers if they agree to comply with all legal and administrative requirements.

**11.2. Requirements:** The following is a partial list of the general requirements to conduct a legal gambling fundraiser:

- 1) Register with Bureau of Gambling Control;
- 2) Obtain prior approval from local law enforcement;
- 3) Conduct games in accordance with the law; and
- 4) Maintain records and submit reports as required.

This list is not exhaustive. More details of the requirements can be found at: <http://ag.ca.gov/gambling/charitable.php>. If you have questions or are unsure of what is required, contact the Diocesan Finance Office.

Documents requested for registration are The Diocese of Santa Rosa's 501(c)3 Documentation (the Group Ruling Letter, Group Memo and *Official Catholic Directory* listing) and Exempt Determination Letters. These can be requested and obtained from the Diocesan Controller.

**11.3. Policy** All money received and paid-out for gambling activities must be kept in a separate bank account and cannot be co-mingled with the general operating funds of the Parish or School. All other Diocesan Policies regarding banks accounts apply.

**11.4. Policy** The purpose of the gambling fundraiser and the intended use of any proceeds (net of expenses and payouts) must be clearly designated in any published materials used in conjunction with and to promote the fundraising gambling activity. Both the form and purposes of the fundraising gambling activity must be approved in writing by the Pastor prior to its announcement. The Pastor shall retain a copy of the written approval for Parish records.

**11.5. Policy** A Budget for the fundraising gambling activity must be submitted to the Pastor prior to announcement and commencement of the event setting forth the anticipated revenues, projected promotional and administrative expenses, and the expected payout. A Financial Report that details all revenues and expenses of the fundraising gambling activity must be provided to the Pastor no more than 30 days after the completion of the activity. The Financial Report of the fundraising gambling activity shall be included in summary form as part of the sponsoring organization's annual report.

**11.6. Policy** Winnings to contestants, which are subject to withholding tax, shall have the appropriate taxes withheld and deducted from the winning payment. The Parish or School is also responsible for issuing the appropriate 1099 Form.

## 12- FINANCIAL VOLUNTEERS

**Note:** This policy covers the internal controls required to safeguard Parish resources when non-paid volunteer duties will involve the care, custody, or control of cash or inventory that belongs to the Parish or its School.

### **Definition:**

**Financial Volunteer:** Any person who volunteers his/her time without monetary compensation whose duties will include responsibilities over monies or inventory belonging to the Parish or School.

**Cash:** Currency of the United States.

**Cash Equivalents:** Checks, credit card receipts, or inventory, such as scrip.

**Religious Merchandise:** Religious or logoed items available for sale at the Church, Office, or School

**Registered Parishioner:** A person who is a registered, active member of the Parish.

**School parent:** A parent, grand-parent, or adult sibling of a registered student of the School.

**12.1. Policy** The Pastor shall be responsible for identifying all activities in which a volunteer will become responsible for the collection, recording and/or transporting of cash or cash equivalents. Examples of such activities include weekly and special collections, scrip sales, or fundraising. Financial volunteers include the following Head Ushers, members of the Count Team, cashiers at festivals, and scrip sales personnel.

**12.2. Policy** One person shall be designated as the responsible party for each function. The responsible party shall assure that all cash and cash equivalents, generated or received by the function has been secured in a place designated by the Pastor. Examples of people who act as the responsible party for a function include a chief usher, count team lead, and head cashier for a festival. All responsible parties must be appointed by the Pastor and must be registered parishioners, or in the case of Schools, a parent of a student attending the School.

**12.3. Policy** Financial volunteers shall be fingerprinted and cleared and follow Parish or School instructions while performing their volunteer duties.

## **13 - FUNDRAISING ACTIVITIES**

**13.1. Policy** The underlying purpose of all fundraising appeals must be consistent with the teachings of the Catholic Faith and should strive to motivate the faithful to a greater love of God and neighbor. Consequently, all such activities are expected to and must be truthful and forthright.

**13.2. Policy** Fundraising efforts are to be for specific defined needs.

**13.3. Policy** The relationship of trust between donor and fundraiser requires that:

- 1) Funds collected be used for their intended purposes (Canon 1267 §3);
- 2) Fundraising costs not be excessive and kept to a minimum.

**13.4. Policy** Donors shall be informed of the intended use of donated funds. Restrictions on the use of the funds by the donor must be honored. If the donor's intent becomes impossible or impractical to honor, the matter shall be referred to the Diocesan Offices and may require the return of gifts to the donor.

**13.5. Policy** Generally the Diocese will approve the fundraising activities for ordinary operations by entities listed in the most recent edition of the *Official Catholic Directory*, published annually by P.J. Kenedy & Sons. If such outside entities wish to preach to the congregation, even if no direct solicitation of money is made, this must be approved in writing at least one month in advance by the Vicar General.

**13.6. Policy** Any request by an entity not listed in the *Official Catholic Directory* to solicit funds must be approved by the Vicar General in writing at least one week before the solicitation is announced and conducted. The Diocese reserves the right to assert title to any funds collected in violation of this policy.

**13.7. Policy** Any request made to a Parish to solicit funds for capital campaigns or extraordinary fundraising appeals must be first reviewed by the Pastor and then if the Pastor approves, be submitted to the Vicar General and approved in writing at least two months prior to the solicitation.

**13.8. Policy** All capital projects by a Parish are to be conducted according to Diocesan policy.

**13.9. Policy** Requests to raise funds are to be submitted to the Pastor in writing with, at a minimum, the following information:

- 1) A detailed explanation of the purpose for which the funds are being raised;
- 2) The timeframe within which the fundraising activities will be conducted;
- 3) The methods to be used to raise funds; and
- 4) A budget for the fundraising activities that details:
  - (i) the expected receipts;
  - (ii) the estimated costs;
- 5) The name of the lead financial volunteer.

**13.10. Policy** The Pastor is responsible for the oversight of all fundraising programs conducted at the Parish. As part of the agreement to solicit funds at a Parish, the organization conducting the fundraising must agree to provide Financial Reports to the Pastor or their designee on a regular basis but no less than quarterly.

**13.11. Policy** The Financial Reports provided to the Pastor or his designee by the organization conducting the fundraiser shall provide, at a minimum, the amount of money raised, the costs associated with the fundraising activity [e.g. printing, travel, manufacturing, etc.], the amount expended for the stated purpose [identifying by name each payee], any amount retained by the fund raising organization, and a statement of how the funds collected were used to accomplish the promised apostolic purpose of the solicitation.

**13.12. Policy** As one of the terms of an agreement to be permitted to solicit funds at a Parish, the fundraising organization must agree to return to the Parish all funds in excess of the expenses and disbursements related to the stated purpose of the fundraiser, except that with written approval of the Pastor, excess funds may be retained by the fundraising organization provided they have provided a satisfactory explanation of the reason for this retention and a specific plan and date for disbursement.

**13.13. Policy** All Financial Reports of fundraising activities conducted at a Parish are to be maintained by the Parish and be available for audit for three (3) years following the date of the fundraiser and a copy provided to the Diocese as part of the Parish's annual report.

**13.14. Policy** If professional fundraisers are used as part of any fundraising, their identity as well as all of their costs and fees charged for the fundraising shall be disclosed to any donor on their request.

## **14 – OFFERINGS - FOR MASS, SACRAMENTS, FUNERALS AND SACRAMENTALS**

**14.1** An **OFFERING FOR MASS** is a gift (donation), usually in the form of money that is freely given by a member of the Faithful who requests the priest to apply the Mass for a specific person or persons (living or deceased) or for a special intention. That Offering rightly belongs to the priest who celebrates the Mass (Canon 945 and Canon 946).

The Bishops of the Province of San Francisco in accord with Canon 952, §1 determined the amount of an Offering for the celebration and application of a Mass for all the Dioceses of the Province to be \$10.00.

In addition, the following should be noted:

**14.2. Policy** Each priest or Parish, whichever is applicable, must maintain accurate records of Mass intentions received, the date received, the amount of the Offering and the date when the Mass intention was satisfied. The Parish Mass Intention Books are subject to the normal review by the Bishop (Cf. Canon 958, §1 and §2).

**14.3. Recommendation** All priests are encouraged to celebrate Mass daily.

**14.4. Policy** The *Missa pro Populo* (Mass for the People) must be applied by the Pastor as specified in Canon 534, §1 on Sundays and Holydays of Obligation. For a just cause, but not as a matter of routine, he may apply the *Missa pro Populo* on a day other than that required by Canon Law. The *Missa pro Populo* must be offered by the Pastor without an Offering and it is not

permitted to include another intention to be offered by the same celebrant at the same Mass.

A Pastor who has not satisfied the obligation for the *Missa pro Populo* is to apply as many Masses as he has omitted as soon as possible (Canon 534, §3).

If a Pastor celebrates a second Mass other than the *Missa pro Populo* he may receive and retain an Offering for that Mass.

If another priest is requested to offer the *Missa pro Populo* by the Pastor, the Pastor is to tender an Offering of \$10.00 to the priest celebrating the Mass, unless the priest voluntarily waives it.

**14.5. Policy** It is the custom of the Diocese that all Diocesan priests accept the obligation to apply three Masses after receiving notice of the death of a brother priest of the Diocese.

**14.6. Policy** Canon 947 clearly states: Any appearance of trafficking or trading is to be excluded entirely from the Offering of Masses.

**14.7. Policy** A priest who celebrates several Masses on the same day can apply each to the intention for which the Offering was given but subject to the rule that he may retain the Offering for only one Mass (except on Christmas). He is to transfer the other Offering(s) to the prescribed Diocesan charity which is the Priests' Benefits and Welfare Fund (cf. Canon 951, §1).

**14.8.** A priest who concelebrates a second Mass on the same day may **not** take an Offering for it under any title (Cf. Canon 951, §2).

**14.9. Policy** Canon 948 states that separate Masses are to be applied for the intentions for which an Offering, even if small, has been made and accepted.

**14.10. Policy** In the event that Offerings for Mass are given to the priest in excess of the established Offering, he is obliged to celebrate as many Masses for the requested intention as there are \$10.00 Offerings (Cf. Canon 950 and Canon 952, §1) unless it is certain that the donor intended some portion of the Offering as a gift. In a spirit of generosity, it is strongly recommended that a separate Mass be celebrated for each (\$10.00) Offering received.

**14.11. Policy** **Collective Mass Intentions, including Offerings for All Souls' Day, Mothers' Day and Fathers' Day are entirely restricted** by Canon Law and by the February 22, 1991 Decree on Mass Stipends issued by the Congregation for Clergy (based on the 1974 *Motu Proprio* of Pope Paul VI, *Firma in Traditione*).

**14.12. Policy** The practice of accepting *Collective Mass Intentions* is **not** permitted in the Diocese of Santa Rosa any contrary custom or practice is abrogated as of February 1, 2020.

1) *Mothers' Day* - Pastors are encouraged to invite Parishioners to submit the names of mothers whether living or deceased, without an Offering, for whom prayers will be offered during the month of May. If an offering is submitted, it is to be treated as income to the parish.

2) *Fathers' Day* - Pastors are encouraged to invite Parishioners to submit the names of fathers whether living or deceased, without an Offering, for whom prayers will be offered during the month of June. If an offering is submitted, it is to be treated as income to the parish.

3) *All Souls' Day* - Pastors are encouraged to invite Parishioners to submit the names of their beloved dead, without an Offering, for whom prayers and commemorations at Mass will be offered during the month of November. Any offerings submitted are parish income.

**14.13. Sacramental Offerings:** Even if explicitly designated for the priest personally, any Offerings received on the occasion of celebrating a Sacrament are presumed to be income to the Parish. All such offerings are to be contributed to the Parish, regardless of donor intent. This helps avoid any confusion or concern about the priest trying to determine the “intent of the donor” since he will never personally benefit from such gifts.

**14.14. Policy An Offering for the Sacraments of Baptism, Matrimony or for a Funeral** is a gift (donation), usually freely given in the form of money by the Faithful to the Parish for the support of the mission activities of the Parish (Canon 1264, 2° and Canon 1181).

The Bishops of the Province of San Francisco defined the **maximum** limits on the amounts that may be requested for Sacraments. In accord with this decree the policy for **Offerings for Sacraments** is as follows:

**Baptism - \$100.00 (Voluntary); Wedding - \$1,000.00 (Maximum fee); Quinceañera - \$500.00 (Maximum fee); Funeral Mass or Liturgy - \$300.00 (Maximum fee).**

**14.15. Policy** The **maximum** amounts which a Parish may set for Offerings to the Parish on the occasion of the following Services are set by the Province of San Francisco. A Parish may **not** set higher Offerings but may set lower amounts.

**14.16. Policy** For the Services noted in **14.14**, any Offerings which the Celebrant receives are to be turned in to the Parish, the celebrant is then authorized to receive from the Parish the following amounts: Baptism - \$25; Wedding - \$100.00; Quinceañera - \$100.00; Funeral – \$150 Maximum (\$50.00 for the Vigil; \$50.00 for the Funeral Mass or Liturgy Service; \$50.00 for the Burial).

**14.17. Policy** There is no recommended or suggested **Offering for Sacramentals** such as Presentation, House Blessing, Blessing of a Building, Blessing of a Building Site, Blessing an Automobile, or Blessing any Religious articles, etc. Any Offerings which the Celebrant receives are to be turned in to the Parish.

**14.18. Policy** The needy are not to be deprived of spiritual services due to difficulty in providing an Offering for a Mass to be applied for a particular intention, for a Sacrament or for a Sacramental. Pastoral prudence is always to be exercised (Cf. Canon 945, §2).

**14.19. Policy** The Offering to the Parish and the Offering to the priest or deacon can always be reduced or waived. In formulating specific Parish Policies, special consideration should be given to those experiencing hardship as well as to active or contributing Parishioners.

**14.20. Policy Offerings for Prayers, other than Mass:** These Offerings are not to be requested or accepted. If someone insists on making an Offering then that Offering is income to the Parish.

## 15 – SCRIP

**Note:** A Parish, School, or related organization is permitted to enter into a merchandise discount, gift, or grocery certificate program to raise funds for operations. Such programs are often referred to as “Scrip.” A Scrip program may not be started until the Pastor approves it in writing. In general, the use of SCRIP Certificates is discouraged due to the large inventory of negotiable certificates held at the site. A careful audit of the use of Scrip is essential to determine if the cost/benefit ratio makes sense.

**15.1. Policy** Scrip certificates are purchased at a discount from participating merchants or their agent and sold at face value to the parishioners. The Parish or School earns the amount equal to the discount in the Scrip certificates.

**15.2. Policy** In order to provide an audit trail, all purchases of Scrip certificates must be made by check.

**15.3. Policy** A minimum of 85% of the hours required to administer a Scrip program must be accomplished by uncompensated volunteers.

**15.4. Policy** Parishioners are to be notified in advance that their purchase of Scrip certificates is not tax deductible for federal or state tax purposes on their Federal or State Income Tax Return.

**15.5. Policy** Purchasers of Scrip certificates are not to be given any credit toward School tuition or fundraising fees based on their purchase of Scrip certificates.

**15.6. Policy** A separate bank account must be maintained for all Scrip activities.

**15.7. Policy** Scrip certificates are to be treated as cash and stored in a suitable secure facility.

**15.8. Policy** An inventory of Scrip certificates must be taken at least monthly. Any shortages shall be reported immediately to the Pastor and the Pastor shall immediately conduct an investigation and report the findings to the Parish Finance Council.

**15.9. Policy** Before any Scrip volunteer is permitted to have individual access to unsold Scrip certificates, they must successfully complete a background check and fingerprinting.

**15.10. Policy** Volunteers are not permitted to take Scrip certificates home for any purpose, including delivery to purchasers. Scrip certificates may only be delivered to the purchaser at the Parish or School. Scrip certificates may not be sold on credit without the Pastor’s express prior written approval.

**15.11. Policy** Scrip certificate inventory must be maintained at a reasonable level based on sales.

**15.12. Policy** Financial Reports detailing income, expense and inventory for the Scrip program must be generated monthly and reviewed by the Pastor and/or his delegate.

**15.13. Policy** A summary report of Scrip activity is to be included in the Parish’s annual Financial Report.

## 16 - USE OF PARISH AND/OR SCHOOL FACILITIES

This policy covers the use of Parish and School facilities and the allocation of the cost associated with this use by Parish and non-parish groups.

**16.1. Policy** The cost associated with maintaining facilities that are used by both a Parish and a School (e.g. gyms, meeting space, etc.) are to be shared based on a formula agreed to by both the Pastor and School Principal. The Parish Finance Council and School Finance Committee shall review and approve the formula. Nothing herein shall diminish the authority and responsibility of the Pastor.

**16.2. Policy** The formula allocating costs associated with use of facilities shall attempt to fairly allocate the actual cost incurred by each user, including the percentage of the facility actually utilized and any added burden based on the type of use.

**16.3. Policy** If the Pastor and the School Principal cannot agree on a formula, the matter shall be referred to the Diocesan Chief Financial Officer.

**16.4. Policy** All non-parish groups that wish to use any Parish or School facilities shall complete and submit to the Pastor the appropriate parish use agreement. In addition, the non-parish group must obtain or have suitable insurance and file a Certificate of Insurance with the Diocesan Property & Risk Management office.

**16.5. Policy** Unless the non-parish group user is engaged in an activity that the Parish or School considers evangelical or community outreach in nature, the fees charged for the use of Parish or School facilities should be set at market rates. If the Parish or School is unable to determine the market rate, they should refer the matter to the Diocesan Finance Office.

**NOTE: HALLS ARE INTENDED FOR RELIGIOUS USE ONLY. OTHER USES CREATE RISK THAT PARISHES WILL HAVE TO ALLOW USE THAT IS AGAINST CATHOLIC DOCTRINE. IN ADDITION, THE PARISH MAY LOSE SOME OF THE PROPERTY TAX EXEMPTION.**

## 17 - SELLING ITEMS ON PARISH OR SCHOOL GROUNDS

Parishes are often requested by agents of various charitable organizations (often International) to sell items such as rosaries and statues outside of Church after Masses or at the School. This policy covers the requirements that must be met by these organizations before they are permitted to sell anything on Parish or School grounds.

**17.1. Policy** Any group that contacts a Parish or School requesting permission to sell anything on Parish property is required to obtain written permission from the Diocesan CFO or the Vicar General before they are permitted to sell anything.

**17.2. Policy** Any organization selling anything on Parish property is required to be a non-profit entity that has been approved by the Internal Revenue Service and must have a valid California Seller's Permit.

**17.3. Policy** Exception to policy 17.2: Schools may have uniform vendors come on site to sell uniforms without requiring the permission of the CFO. These vendors need not be non-profit organizations.

**Note:** These rules are required to avoid jeopardizing the tax-exempt status of the Diocese, the Parish or the School. Loss of tax-exempt status would significantly add to the expense of operating these entities.

## **18 - PURCHASES OF GOODS AND SERVICES, DISBURSEMENTS, AND USE OF CREDIT CARDS**

**18.1. Policy** All purchases that exceed \$25,000 require the prior written approval of the Bishop.

**18.2. Policy** All Disbursements are to be made with pre-numbered checks except as noted below.

**18.3. Policy** The person who prepares a check must be different from the person who signs the check. The person who signs the check may never be the person to whom the check is made out.

**18.4. Policy** All checks must bear two signatures.

**18.5. Policy** All invoices must be reviewed and initialed by the Pastor, Principal or appropriate delegate before payment.

**18.6. Policy** Purchases of goods and services with credit cards shall be limited to emergencies or to those items or activities for which payment by check is not practical (e.g., travel, restaurants, supermarkets).

**18.7. Policy** Receipts must be obtained for all purchases. No reimbursement request is to be paid without proper receipts. The following is required for reimbursement:

- Copy of credit card receipt evidencing payment,
- For airfare a copy of a travel itinerary is not sufficient, there must be proof of payment,
- For meals, list business purpose and names of attendees,
- No portion of any receipt can be blacked out.

**18.8. Policy** In general, the use of personal credit cards is discouraged for Parish or Diocesan purposes. Benefits derived from the use of a personal credit card should inure to the benefit of the person. Use of personal credit cards for Parish or Diocesan purposes is limited to emergencies or when it is not otherwise practical.

**18.9. Policy** If a personal credit card must be used for a Parish or Diocesan purchase, reimbursement may only be paid for that portion of the statement that relates to Parish or Diocesan business. In order to be reimbursed for Parish or Diocesan business expenses, the Parish or Diocesan employees or volunteers must submit a request for personal reimbursement and include a copy of the credit card statement and the original receipt to the party from whom they seek reimbursement. The individual employee or volunteer is solely responsible for paying their personal credit card statement amount.

**18.10. Policy** Before payment of any credit card bill, the organization's Pastor, Principal, or in the case of the Chancery, the Diocesan CFO, must authorize the payment by signing the request. If the credit card bill is in the name of a Pastor or Principal, the associated Finance Council's or Finance Committee's Chairperson is required to sign the request prior to payment.

**18.11. Policy** Debit cards attached to a Diocesan, Parish or School bank account are not permitted.

**18.12. Policy** Unused checks and accounting records must be kept secured in a safe or locked cabinet.

**18.13. Policy** Any vendors added to the vendor master file, must be approved by the Pastor or Finance Council's Chairperson. Quarterly, a printout of total payments by vendor (non-payroll) is to be reviewed by the Finance Council Chairperson.

**18.14 Policy** Wire transfers can be done only with approval from the Diocesan CFO. The wire transfer must be done in person at the bank with two signers physically present at the bank. In view of the increase in computer hacking and fraud, bills **should** be paid by check. ACH (Automated Clearing House) and online bill pay are not allowed. Remote wire transfers may not be done for any reason.

## **19 – INDEPENDENT CONTRACTORS**

**Note:** The laws and regulations defining who qualifies as an Independent Contractor and who will be considered an employee can be complex and depend on the facts of each case. The laws generally favor categorizing someone as an employee. Factors considered are the ability of the person performing the work to determine how the work will be accomplished, whether the person performs similar work for other persons or entities, whether the person can delegate the work to other people, if the person is required to be licensed and, if the work requires certain skills, whether the person provides the instruments of the work, the method of payment [hourly versus by the job], and whether the parties believe they are creating an employee-employer relationship or that of Independent Contractor. IRS has documented the basic rules for classifying an independent contractor. The location should review these rulings to properly classify an Independent Contractor. If a location is not sure of the proper classification of an individual as an employee or Independent Contractor, they should contact the Diocesan Human Resources department to get a proper classification. There can be serious legal implications to a location which classifies an individual as an independent contractor when they are in fact or in law, an employee.

**19.1. Policy** The Pastor or Principal is responsible for ensuring that all Independent Contractors used by a Parish or School comply with the law and that they properly qualify as Independent Contractors. If there are questions, contact the Diocesan Human Resources department.

**19.2. Policy** Prior to the start of work, a signed W-9 form from the Independent Contractor must be obtained and verify that the Independent Contractor carries liability insurance and Worker's Compensation Insurance for all their employees.

**19.3. Policy** All Independent Contractors shall have a written contract with the Parish or School. The contract shall be submitted to the Diocese prior to execution for review. Note: Examples of the services and/or material providers subject to this policy include landscaping, maintenance, contract accounting services, and construction contractors.

**19.4. Policy** The Parish or School that hired the Independent Contractor is required to maintain complete records and copies supporting the hire as an Independent Contractor, including but not limited to the W-9, the contract, proof of liability and Worker's Compensation Insurance, and all evidence submitted as proof of Independent Contractor status. The Parish or School is also responsible for filing a 1099 with the IRS.

## **20 - AGREEMENTS, CONTRACTS, AND LEASES**

**20.1. Policy** As required under Canon 1281, the Bishop of Santa Rosa has set the limits to ordinary administration at the Parish level as follows:

**20.2. Policy** Pastors, Principals or heads of agencies may validly enter contracts if:

- 1) The contract is for goods or services with an aggregate value of less than \$25,000; or
- 2) If a lease or personal services agreement has a duration of less than one year and is for less than \$25,000.

- 3) Building/repair contracts between \$10,000 and \$25,000 should be sent to the Diocesan Director of Property and Risk Management for legal and insurance review.
- 4) Building/repair contracts between \$25,000 and \$50,000 may be approved by the Diocesan CFO after consultation from the Bishop. Contracts above \$50,000 require Diocesan Building Committee review.

**20.2.1. Policy** All agreements, contracts, or leases that exceed the limits set forth in **20.2. Policy** shall be sent to the Diocesan Chief Financial Officer and reviewed by Bishop, Diocesan Counsel and Catholic Mutual prior to execution by the Pastor, Principal, or agency head. Note: Any agreement, contract, or lease that is entered into in violation this policy will be the personal responsibility of the signer, Canon 1281 §3.

**20.2.2 Policy** Any agreement with liability/indemnification clauses must be reviewed by Diocesan Counsel and Catholic Mutual prior to being signed irrespective of the contract value. After review, these agreements must be signed by the Pastor, Principal or Agency Head.

**20.3. Policy** Capital projects for Parishes and Schools must follow the processes established by the Diocesan Building Committee.

## **21 – BANKING AND SAVINGS REGULATIONS**

**21.1. Policy** The name on a Parish or School bank account shall be the same as the name on file with the Internal Revenue Service that matches the Federal Employer Identification Number (FEIN).

**21.1.2 Policy** Incorporated Parishes may file a Doing Business As (DBA) in place of the “Corporation” name.

**21.2. Policy** The address of the Parish and School bank accounts shall be the physical address listed in *The Official Catholic Directory* (Kenedy & Sons Directory). The Pastor, Principal, or appropriate delegate shall review all bank account statements and bank reconciliations.

**21.3. Policy** Parishes and Schools are authorized to open checking accounts. Excess funds, defined as funds in excess of 6 months of operations, should be deposited in a longer-term investment account. Any such investments require the approval and permission of the Bishop. The exception is if the Parish or School has need for the funds within two years for maintenance/building projects.

**21.4. Policy** Only the Pastor, Parochial Administrator, Parochial Vicar, or an appropriate delegate of the Pastor is to be authorized to sign on Parish checking accounts. The Pastor must be a signer on all Parish checking accounts.

**21.5. Policy** Only the Pastor, Parochial Administrator, Parochial Vicar, Principal, or an appropriate local site delegate of the Pastor or Parochial Administrator is to be authorized to sign on School checking accounts. The Pastor or Parochial Administrator must be a signer on all School checking accounts.

**21.6. Policy** The Parish or School bookkeeper who prepares checks cannot be an authorized signer on bank accounts and also cannot reconcile bank accounts.

**21.7. Policy** All disbursements must be made by pre-numbered check or petty cash. Over time it is a goal to eliminate or at least reduce petty cash.

**21.8. Policy** All checks must have two signatures.

**21.9. Policy** Checks written to cash are prohibited.

**21.10. Policy** Neither of the persons who sign a check can be the person to whom the check is made out.

**21.11. Policy** Diocesan and Other Special Collections must be remitted within six weeks of the collection date to the Diocesan Office of Financial Services.

## **22 - ANNUAL REVIEW OF OPERATIONS AND FINANCES**

**22.1. Policy** Each Parish and School shall conduct an annual review of their finances following the Annual Financial Self-Review template on the Diocesan website under Administration. In addition, the Annual Financial Report Checklist will be completed (see Section 23 below). The Pastor or Principal is responsible for ensuring that the Annual Financial Reporting of the Parish and School is properly prepared and timely submitted to the Chancery Office.

**22.2. Policy** The Parish Finance Council or School Finance Committee [“Finance Council/Committee”] will assign one Finance Council/Committee member to lead the annual review / audit. The final Annual Reports shall be presented to the full Finance Council/Committee and Pastor or Principal for approval before being submitted to the Diocesan Controller. The Pastor or Principal will sign the Annual Financial Report Checklist and Annual Financial Self-Review / Self-Audit verifying that they have read and approved all reports before submitting them to the Diocesan Finance Office. The Finance Council/Committee Chairperson will also sign the Annual Financial Report Checklist and Annual Financial Self-Review / Self-Audit verifying that the Finance Council has read and approved all reports prior to submission.

**22.3. Policy** If a School does not have a Finance Committee then the Parish Finance Council will be responsible for conducting the Annual Review of Operations and Finances (see **3.1. Policy**, page 5).

**22.4. Policy** The Pastor is responsible for all financial transactions that take place under the auspices of the Parish and School. This responsibility also includes all organizations that use the Parish name, Diocesan or Parish Federal Tax ID number and all School organizations that use the School name, Diocesan or Parish Federal Tax ID number.

**22.5. Policy** Any question on the Annual Reports that is answered “No” must be explained fully in the “Explanations/Recommendations” section. The Finance Council / Committee is responsible for investigating each of these items and, with the assistance of the Pastor or Principal, initiate the implementation of appropriate corrective measures.

**22.6. Policy** The Diocesan Finance Office reviews financial compliance [“Financial Review”] of every site at least once every three years or whenever there is a change in the site’s administration [typically a new Pastor or Principal]. If the Diocese uses independent CPA firms to conduct these Financial Reviews, which generate draft and final reports, the Parish or School will pay for the review.

**22.7. Policy** The Diocesan CFO and Controller are responsible for preparing the list of locations that will be subject to a Financial Review with input from the Vicar General and Superintendent of Schools. The Diocesan CFO is responsible for establishing the scope of work and making all arrangements with the CPA firm hired to conduct the Review.

**22.8. Policy** Any Parish or School seeking an exemption from a Financial Review must seek the exemption in writing from the Diocesan CFO at least 60 days before it is due. The exemption from a Financial Review must be in writing signed by the Diocesan CFO.

**22.9. Policy** The Pastor or School Principal shall review the Financial Review Report, in draft and final form, with the Parish Finance Council or School Finance Committee and work with their staff and the Parish Finance Council or School Finance Committee to ensure that all items presented in the Financial Review Report that are not compliant are made compliant within a reasonable period of time, but not later than the next Financial Review. The Pastor or Principal will send their plan for becoming compliant to the Diocesan CFO. The follow through on the plan will be assessed during the next Financial Review.

## **23 – PARISH AND SCHOOL ANNUAL FINANCIAL REPORTING REQUIREMENTS**

**23.1. Policy** Each Parish and School is required to submit Annual Financial Reports with supporting documents to the Controller no later than August 31<sup>st</sup>.

**23.2. Policy** The Annual Financial Reports and Supporting Documents include the following:

- 1) Balance Sheet as of June 30;
- 2) Profit and Loss Statement for the fiscal year ended June 30 with a comparison of the Actual versus the Budget and the Variance;
- 3) Operating Budget for the upcoming fiscal year;
- 4) A Statement identifying by account number and institution all Parish or School Asset Accounts as of June 30 (checking, savings, investments, affiliated organizations);
- 5) Affiliated Organizations (if applicable);
- 6) Parish or School Endowments identified by name and restriction or designation, portfolio account number, custodial institution and investment manager;
- 7) Parish Finance Council / School Finance Committee Self-Review / Self-Audit – See Section 22- Review of Operations and Finances for the policy related to preparing the Parish Finance Council or School Finance Committee Self-Review / Self-Audit;
- 8) Pastor or Principal Representation Letter verifying that all submitted information is accurate, complete and that they will publish an appropriate summary of the Annual Financial Reports to their Community no later than November 30; and
- 9) Signed attestation letter from Parish Finance Council / School Finance Committee.

**23.3. Policy** The Controller will issue an Annual Financial Report Checklist to each Parish and School no later than June 1 to remind the Pastor and Principal of their reporting requirements.

## **24 – GIFTS**

**24.1. Policy** The Parish or School is required to take all reasonable steps to preserve the donor's charitable intentions. Gifts made for a specific purpose may only be utilized for that specific purpose (Canon 1267, §3).

**24.2. Policy** The Parish or School will adhere to all Internal Revenue Code Regulations concerning gifts, including all applicable provisions of Section 170, which currently requires written acknowledgement of all contributions of \$250 or more and written disclosure when a donor pays more than \$75 partly as a contribution and partly for goods or services.

**24.3. Policy** Any obligations that are made part of a restricted gift must be clear and understood before the gift can be accepted. If a gift is deemed unacceptable because of the restrictions the donor has placed on its use, the donor should be informed immediately and provided the opportunity to remove and/or modify the objectionable or burdensome restriction(s) or revoke the gift.

**24.4. Policy** Not all gifts should be accepted. If a gift is not in the best interest of the mission or ministry of the Catholic Church and the Diocese, is from a questionable source (i.e. a criminal enterprise), will require the Diocese to accept responsibilities, financial or otherwise, that it may not be capable of meeting, creates excessive reporting responsibilities, creates a conflict of interest, could damage the reputation of the Diocese, or contains a perpetual condition that is more specific than the basic mission of the entity, the gift must be refused or returned.

**24.5. Policy** All gifts of real estate, planned gifts, bequests, and other types of gifts must be evaluated by the Diocesan CFO prior to acceptance to ensure that the Parish, School or agency is not accepting potential or real liabilities by accepting the gift.

**24.6. Policy** A Parish, School or agency that receives a gift of securities must sell such gift on receipt, unless a donor restriction applies.

**24.7. Policy** The Chancery office will assist Parishes, Schools and agencies to sell all securities received as gifts.

**24.8. Policy** The value of the gift of securities for donor tax reporting purposes is determined by the average value on the date the securities are received.

## 25 – DIOCESAN INSURANCE PROGRAMS

**Note:** A centralized approach is taken for liability, property and casualty, fire, earthquake, and similar risks to ensure that proper coverage is maintained for each location and to provide favorable rates throughout the Diocese. Active participation in loss prevention, regular facilities maintenance and safety programs are the key to minimizing claims and limiting insurance premiums.

**25.1.1.** The Diocese's property and casualty insurance program consists of the following coverages:

- **Property (fire, earthquake, vandalism, boiler and machinery, etc.)** - Covers real and personal property owned by a Diocesan entity. Interruption of operations coverage is included. Earthquake insurance is heavily encouraged but is a decision for each entity.
- **Liability** - Provides coverage for bodily injury, property damage, auto liability, personal injury, and Diocesan error and omissions (including directors and officers and employment-related practices for [clergy](#), [employees](#), and designated [volunteers](#)).
- **Automobile** - Provides comprehensive and collision coverage for vehicles owned by the Diocese.
- **Worker's Compensation Insurance and Employer's Liability** - Covers employees and volunteers of the Diocese for work-related injuries.
- **Employment Practices Liability Insurance**
- **Director's and Officer's Coverage**
- **Crime Insurance** - Provides limited coverage for employee theft, theft of money and securities, forgery, computer fraud, and funds transfer fraud.
- **Fiduciary Liability** - Protects Diocesan trustees and other fiduciaries of Diocesan activities.

### **25.1.2. Student Accident Insurance**

The Student Accident Insurance Program is provided for all full-time students in Diocesan and Parish Schools. This program supplements other health insurance maintained by the family and assists only with medical expenses incurred because of accidental bodily injury sustained by students while attending School, while traveling to or from School, or while participating in School-sponsored and School-supervised activities, including School-sponsored [sports](#), [field trips](#), and [extended school day programs](#). Information concerning the Student Accident Insurance Program should be provided to parents/guardians by each School.

In the event of a [school-related injury](#), the Diocese accident claim form should be used to make a claim under the Student Accident Insurance Program. See the Myers-Stevens [Student Insurance Claim Form](#). Myers-Stevens offers other insurance that School parents/guardians are not obliged to purchase.

### **25.1.3. Other Insurance Information**

Please refer to the Diocesan website for details on claims filing and insurance requirements for contractors and service providers working at entities.

## **26 – LOANS**

**26.1. Policy** There is not currently a Deposit and Loan System in the Diocese. Short term loans can be made from the Chancery Loan Fund.

**26.2. Policy** With the approval of the Diocesan Finance Council, Bishop and CFO, loans can be made for up to a one year in duration at current market interest rates less half a percent (0.5%).

**26.3. Policy** Loan requests must be made in writing to the Diocesan Finance Council through the Diocesan CFO. The request must be signed by the Pastor and Chair of the Parish Finance Council. If the request is for the School, the request must be signed by the Principal, Chair of the School Finance Committee, Superintendent of Schools, and, if it is a parish affiliated School, the Pastor and Chair of the Parish Finance Council. Only requests for bridge financing for capital improvement projects will be considered.

**26.4. Policy** Loan requests must include the following:

- 1) Description of the project including building size and use;
- 2) Building cost including all hard and soft costs;
- 3) Sources of funds, including cash on hand and description of other sources of funds. If a capital campaign to raise funds is needed, provide a copy of the financial feasibility study, indicate who will conduct the campaign (generally bids from agencies will be required), the cost of the proposed campaign, and a provide a document from the Bishop showing approval to investigate or carry out the proposed capital campaign;
- 4) Source of long-term loan funds if a campaign will not be undertaken;
- 5) Construction period, contractor and architect;
- 6) Comments received from the Diocesan Building Committee;
- 7) Financial Statements of the requesting entity showing ability to debt service the requested loan; and
- 8) Requested amount and payback period.

**26.5. Policy** The following are financing guidelines for construction projects:

- 1) 50% of the total project cost must be cash on hand or committed loan before the project starts;
- 2) The balance of the total project cost will be from pledges whose redemption period is no more than three years;
- 3) All pledges must be in writing;
- 4) An allowance for cancellation rate will be applied to the pledges of between 20% and 50% depending upon prior campaign history and pledge duration;
- 5) Parishes or Schools must have a loan commitment from a bank or Knights of Columbus for the balance needed to complete the project prior to start of the project;
- 6) Any existing loans held by the Parish or School must be in compliance with loan terms and conditions;
- 7) Parish or School must submit a budget for the period of the loan showing ability to repay loan; and
- 8) The Parish or School must have their QuickBooks financial software housed on the “cloud” and available for the Diocesan CFO/Controller to download reports.

**26.6. Policy** Loan requests are reviewed initially by the Bishop and CFO and on their approval go to the Diocesan Finance Council for approval.

**26.7. Policy** There is no penalty for early payment of a Standard Term Loan or a Bridge Loan.

**26.8. Policy** The Chair of the Parish Finance Council or School Finance Committee must send a written semi-annual statement to the Diocesan Finance Council through the Diocesan CFO verifying that loan payments are current and the Parish or School continues to have a positive cash flow.

## **27 – PARISH AND SCHOOL ACCOUNTING SYSTEMS**

**Note:** In accordance with IRS interpretation on tuition assistance, Diocesan School employees with children in Diocesan Schools are able to receive non-taxable tuition assistance. All other Diocesan employees with children in the Diocesan School system are able to receive taxable tuition assistance, if offered by the School.

**27.1. Policy** All Parishes, Schools, Parish Organizations, and agencies of the Diocese are required to maintain a complete record of all of their financial transactions.

**27.2. Policy** All Parishes, Schools, and Parish Organization of the Diocese are required to use the QuickBooks Software System designated by the Chancery Financial Office for their accounting software. The Chancery will make appropriate licenses available to all Diocesan locations. The cost of the licenses will be billed to Parishes or Schools.

**27.3. Policy** High Schools or agencies of the Diocese may request an exemption from the Diocesan CFO to use a different accounting system. If an exemption is granted, the High School or agency must provide quarterly statements to the Diocesan Superintendent and CFO.

**27.4. Policy** All Parishes, Schools, Parish Organizations, and agencies of the Diocese must keep multiuser access active in all QuickBooks files, and follow requested processes allowing data to be pulled into Diocesan financial reports.

**27.5. Policy** All Parishes and Schools must follow the accounting practices set forth in GAAP [Generally Accepted Accounting Principles for the United States] except as specifically modified by the Diocesan Financial Office. GAAP must be used by all Parishes and Schools. Any questions regarding accounting practices should be referred to the CFO or Controller of the Diocese.

**27.6. Policy** All Parishes and Schools must follow the accrual method of accounting.

- 1) Expenses paid in advance of the time period they apply to are to be treated as a prepaid expense until such time that the expense should be recognized.
- 2) Income/tuition received for the next school year in the current School year is to be accrued as prepaid income and recognized in the correct School year.
- 3) Withdrawals from savings are not to be treated as income. The withdrawals are a balance sheet only transaction and do not impact the income statement.
- 4) Endowment distributions are to be treated as income.

**27.7. Policy** All Parishes and Schools are required to use the Standard Chart of Accounts as maintained by the Chancery Financial Office. See Standard Chart of Accounts on the Diocesan website.

**27.8. Policy** A Parish or School is permitted to add detailed sub-accounts to the Standard Chart of Accounts identifying specific items or activities that the Parish or School would like to control. The sub-accounts must be added to the lowest level of accounts in the Standard Chart of Accounts. [Note: An example is posted on the Diocesan web site. Since it can change, it should be checked periodically].

**27.9. Policy** Any changes to the Standard Chart of Accounts must be approved by the Chief Financial Officer of the Diocese.

**27.10. Policy** All Parishes and Schools are required to use IBS (Payroll Service) to pay all employees and are required to comply with California and Federal Labor Laws and the policies of the Diocesan Human Resource Department.

**27.11. Policy** The Pastor, Principal or designate of a Parish or School is responsible for ensuring that employees are paid in a timely manner. Failure to process payroll in a timely manner can result in violations of the law and subject the Parish or School to fines and penalties. The Diocese suggests the Pastor/Principal or designate review payroll register with approved time cards for each payroll period. As required by law – employees must be paid for all hours worked.

## **28 – SCHOOL TUITION AND FEES**

Tuition and fees are charged for the following types of activities:

- Educational programs and related activities at preschools, elementary schools, and high schools
- Daycare and similar services at Parishes and Schools
- Religious education and sacramental education programs in Parishes
- Congresses and conferences (e.g., Religious Education Congress)
- Other ministerial and educational activities (e.g., choir tours, World Youth Day, pilgrimages, sports camps, retreats, etc.)

No single rule applies to setting tuition and fees in locations or for events because of the wide disparity in communities served and the programs offered. However, achieving a balanced budget, with a reasonable surplus, is essential. The following elements should be considered:

- Demographics of the sponsoring location or entity
- Financial resources of the sponsoring location or entity
- Other sources of revenues
- Fund-raising ability

- Actual cost of the education or services provided (e.g., wages and benefits; maintaining physical plant, utilities, and insurance; supplies and materials; technology costs; and location and travel costs)
- Comparison with other entities providing similar services
- History of charges and increases at the location

### **28.1. School Tuition Assistance Policy**

Within the parameters of the annual budget, the Diocese encourages Schools to give tuition assistance to the students whose families demonstrate financial need. Each School must have guidelines that govern the distribution of these funds.

In determining eligibility, the School should require a formal application and parent/guardian financial statement. Schools should use the same requirements as the Catholic Education Foundation when determining eligibility for School assistance. Schools may not require parental/guardian service hours in exchange for tuition assistance. Normally, the maximum amount of tuition assistance to be awarded should not exceed 50% of the tuition.

Schools may seek other sources for tuition assistance such as through private foundations and grants; all agreements with such foundations or grant-making organizations must be reviewed by the Diocesan Legal Counsel and the Diocesan Chief Financial Officer for approval.

### **28.2. Negotiated Tuition**

The entire Catholic community is responsible for the financial support of Parish and School programs for the education and formation of children and youth. However, the primary financial responsibility for the education and formation of the individual child resides with the family, through the payment of tuition and fees.

Families who are unable to pay the published tuition rate are required to negotiate a written payment plan that will enable them to pay a negotiated rate in full during the School year in which the child attends the School. This payment plan must be signed and dated by the parents/guardians, the Principal, and the Pastor for Parish Schools, and placed on file in the Principal's office. The Principal is required to review and enforce the plan and if the parents/guardians do not meet the terms of the agreement, they may be required to withdraw the child from the School.

Other fees charged by locations may be negotiated at the discretion of the person in charge.

Negotiated tuitions have to be reflected in the School budget as a separate line item to show the impact of reduced tuition on total School revenue.

### **28.3. Employee Tuition Reduction**

Employees of the Diocese or locations may apply for financial aid or scholarships at preschools, elementary schools, and high schools on the same basis as all other families. If their entitlement for scholarship assistance is identical to all other applicants and is generally based on financial need or other criteria the School establishes for scholarships, the aid has no tax consequences to the employees.

## **28.4. Tuition Management and Collection**

Every School must have a tuition/enrollment contract that specifies tuition, fees, and other terms and conditions for student enrollment and parent/guardian involvement. The contract must identify if and when tuition and other fees are non-refundable.

Regular collection of tuition is a necessary component of financial management. Each School must have a stated policy for tuition collection. The Diocese recommends that every School have a tuition management system that may, depending on local circumstances, include a collection service. A number of commercial providers manage tuition billing and collection on a fee-for-service basis. The plans and costs vary according to the services used. Information on these services is available from the Department of Catholic Schools.

Tuition management services allow families to pay tuition and other regular fees through automatic withdrawal from bank accounts or other cash remittance agencies. This service reduces the need for the School to handle cash or checks, which requires heightened security measures.

Tuition management services provide real-time reporting to the School concerning whether families are meeting their financial obligations, allowing the School to pursue collection from families who are delinquent. Whether or not the School is using a tuition management service, oversight of tuition collection is an essential requirement for School viability.

Every Principal must:

- Be fully informed on the status of tuition collection
- Make sure that the parents/guardians are contacted when tuition is in arrears by one month
- Personally, contact parents/guardians who, after six weeks, have failed to meet the initial request for payment and must inform the parents/guardians of the actions to be taken by the School if payment is not made (i.e., suspension)

Consult with the Department of Catholic Schools before refusing to allow students to take examinations because of payment delinquency. This step is allowed only if the above processes have been followed and all other avenues for obtaining payment have failed.

## **28.5. Unpaid Delinquent Tuition Accounts of Former Students**

Unpaid tuition accounts of former students should be annotated and maintained separately so that, before requests for transcripts in later years are honored, tuition status can be confirmed. If there is an unpaid tuition account, transcripts may not be withheld from another requesting school for kindergarten through 12th grade, but transcripts, report cards, diplomas, and other reporting forms may be withheld from parents/guardians, students, and post-secondary institutions.

## **29 - FRAUDULENT OR DISHONEST CONDUCT AND WHISTLEBLOWER POLICY**

### **Definition:**

Fraudulent or Dishonest Conduct: A deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Examples of such conduct include, but are not limited to:

- 1) Forgery or alteration of documents;
- 2) Unauthorized alteration, erasure, or manipulation of computer files;
- 3) Fraudulent financial reporting;
- 4) Pursuit of a benefit or advantage in violation of the Diocese’s conflict of interest policy;
- 5) Misappropriation or misuse of the Diocese resources, such as fund, supplies, or other assets;
- 6) Authorizing or receiving compensation for goods not delivered or services not performed; and
- 7) Authorizing or receiving compensation for hours not worked.

**29.1. Policy** The Diocese is committed to maintaining the highest standards of conduct and ethics. The Fraudulent or Dishonest Conduct and Whistleblower Policy (“Fraud Policy”) reflects this commitment. The Diocese expects every employee, volunteer, officer, and trustee to adhere to the Fraud Policies. Information about the Fraud Policy can be found on the Diocesan web site.

**29.2. Policy** The Diocese will investigate all allegations of fraudulent or dishonest use of Diocesan resources or property by management, staff, or volunteers. The Diocese will take appropriate action against anyone found to have engaged in fraudulent or dishonest conduct, including but not limited to dismissal by the Diocese, criminal prosecution, or civil action.

**29.3. Policy** Employees/parishioners are to report any concerns regarding fraudulent or dishonest conduct to the Vicar General or Diocesan CFO.

## **30 - SALES TAX**

**30.1. Policy** All purchases for Diocesan end use are subject to California sales tax.

- 1) Purchases made from California vendors should automatically include sales tax. Do not ask California vendors to not charge sales tax for Parish or School end use purchases.
- 2) Purchases made from vendors outside California must be checked for sales tax. If sales tax has not been charged, it is the responsibility of the Parish or School to annually report such purchases to the Franchise Tax Board and remit payment. Contact the Diocesan CFO if there are questions.

## **31 – PARISH AND SCHOOL RECORDS**

**31.1. Policy** All records created, received, used, maintained or preserved by an agency or employee of the Diocese, Parish or School during the course of employment or in the transaction of Diocesan business are ecclesiastical property and thus belong to the Particular Church (Diocese) as well as to the Parish. Diocesan records are to be managed in compliance with the Diocesan policies governing Retention Schedules and the procedures developed by the Archives and Records Center.

**31.2. Policy** The Diocesan Record Retention policy is formulated in compliance with the USCCB guidelines for Records Retention. See Diocesan website for details.

## 32 - LEGAL SERVICES

**32.1. Policy** All Parishes and Schools are prohibited from hiring legal counsel without prior authorization from the Bishop or Diocesan CFO. All litigation or potential litigation matters must be referred to the Diocesan CFO.

**32.2. Policy** If a Diocesan employee is summoned by a court of law or subpoenaed or noticed to attend a deposition regarding any Diocesan, Parish, or School matter they should first contact the Diocesan CFO or the Vicar General.

**32.3. Policy** Diocesan employees are not permitted to talk to private investigators concerning any Diocesan, Parish, or School matters whether actual or potential litigation, unless directed by Diocesan leadership to do so.

## 33 – COMMUNICATIONS

**33.1. Policy** No Diocesan employee is permitted to communicate with the media on matters pertaining to any Diocesan sites, such as parishes, schools, cemeteries, chancery, etc. If contacted by the media, Diocesan employees are required to contact the Diocesan Communications Director at 707-566-3302 or email at [clyford@srdiocese.org](mailto:clyford@srdiocese.org).

## 34 – CHANGE OF PASTOR, ADMINISTRATOR – RECORDS, INVENTORY, INFORMATION AND OTHER ACTS

**34.1. Policy** Whenever there is a change of Pastor at a Parish, the following is a list of information and records that must be prepared and made available to the incoming Pastor. The purpose of the inventory is to permit the incoming Pastor or Administrator to easily and quickly assess Parish finances and its buildings and grounds and thus limit their time dealing with secular matters. It is expected that the Pastor will be assisted by one or more people in this endeavor. It is expected that the Inventory will be ready for the new Pastor no later than 15 days before the effective date of the change.

Inventory to be prepared:

- 1) **Bank Accounts and Investment Accounts:** This shall include, at a minimum, the institution where the accounts are held, the account numbers, the current balance or value of each account, the responsible parties on each account, the purpose of each account, the identity of any auxiliary organization that is a beneficiary of the account, and copies of each bank statement since the outgoing Pastor became Pastor.
- 2) **Loans and Other Debts:** Loan summaries shall include, at a minimum, the identity and contact information of the lender, the amount owed, if repayment is made periodically, the amount of periodic payments and frequency, the date the last payment was made and amount, and the date the next payment is due and the amount.
- 3) **Employees:** List each employee by name, position, duties, salary, and tenure. The location of the personnel files of each employee, including the School Principal, if any, shall be provided and made immediately available to the incoming Pastor on request.

- 4) **Financial Statements:** Financial Statements [Income & Expense and Balance Sheets] for the second and third months prior to the change, normally April and May and the prior Fiscal Year.
  - 5) **Audit Report:** The most recent CPA Review / Audit Report, Diocesan Internal Review, if completed, and any written responses updating any issues identified in either report.
  - 6) **Personal Property Inventory:** A list of all priests' personal possessions.
  - 7) **Parish Budget:** The latest Parish budget, which should be for the upcoming fiscal year.
  - 8) **Parish or School Endowments [if any]:** Provide the name of the endowment, purpose, bylaws, the minutes of meetings, members of the board by name and contact information, and the most recent financial statement.
  - 9) **Council and Committees:** Identify each Parish and School council and committee by name, purpose, and members and provide copies of the bylaws and minutes of all meetings for the preceding three (3) years.
  - 10) **Keys:** Identify all Parish and School keys by purpose, the location they open, all persons who have the keys, all persons entitled to access to the keys, and the location of any key box or boxes.
  - 11) **Safe Deposit Boxes:** List by institution and location, account number, persons who have access, purpose, and the location of all keys.
  - 12) **Parish Safe(s):** Provide the location(s), contents, purpose(s), and a list of all persons who have access with their contact information and reason for access. If it is a combination safe, provide the combination [in a suitably secure manner] and the identity of all persons who are known to have the combination. If the safe is opened by a key, list the number of keys and location, all persons who have keys and all persons who have had access to the keys during the prior year.
  - 13) **Recent Significant Capital Improvements:** List all significant capital improvements made during the past 3 years and the purpose(s) and all proposed capital improvements that are considered needed and the purpose(s).
  - 14) **Pictorial Parishioner Directory:** Provide the most recent version if such has been done.
  - 15) **Phone System:** Provide instructions to the phone system and the identity of the last person or company that provided maintenance or repairs to the phone system. Also provide any necessary passwords for administrator access.
  - 16) **Parish Web Site:** Provide all information needed to access, upgrade, and maintain the web site, including all passwords, in a suitably secure manner.
  - 17) **Parish Security System:** If the Parish has a security system, provide all information needed to access and utilize the security system [including passwords and codes] and the identity of the last person or company that worked on the security system.
- 34.2. Policy** If the Parish Finance Council approves, the new Pastor shall rekey all locks that provide access to the Parish buildings, church, sensitive financial data, documents, and checks. The combinations to any safes may also be changed.

## 35 – ENDOWMENTS

**35.1. Policy** This policy sets forth requirements for establishing and managing all Endowments and Endowment Funds. An Endowment Fund is a fund that is maintained in perpetuity and that utilizes only the income generated from the fund to support purposes designated by the Endowment. Generally, all Endowments and Endowment Funds must be managed in a manner that is consistent with the donor’s intent.

**35.2. Policy** All Endowments for a Parish or School require a written document that conforms to Canon Law and is approved by the Bishop.

**35.3. Policy** All Endowments for a Parish, School and related agencies shall be deposited with the Catholic Community Foundation. Any exceptions to this must be approved by the Bishop.

**35.4. Policy** Each Endowment is required at a minimum to provide the following:

- 1) The identity of the sponsoring Parish or School [Note: The sponsor must be a Parish or a School];
- 2) The purposes for which the income generated by the Endowment Fund may be used, if not otherwise specified by the donor, a purpose such as “general operations” may be used;
- 3) The tax-exempt status of the sponsoring entity;
- 4) The operating procedures of the Endowment; and
- 5) A statement, consistent with Canon Law, of how the corpus of the Endowment Fund will be distributed should the Parish or School that was the initial sponsor cease to exist. A duplicate original of the document establishing the Endowment must be archived at the Parish or School and the Diocesan offices.

**35.5. Policy** A Parish or School can establish a designated or restricted fund account in the Catholic Community Foundation.

**35.6. Policy** Endowments established prior to the implementation of these policies are to be brought into conformity with these policies as soon as is practicable except to the extent that they conflict with the donor’s expressed intention or materials published to solicit funds for the Endowment.

**35.7. Policy** An endowment must be managed as set forth in the documents establishing the Endowment and as set forth below.

### Management Guidelines

1. Only the net income generated by the Endowment Fund may be used, a distribution rate can be set between 4 and 5% as a proxy for net income unless an exception is granted by the Bishop and the Catholic Community Foundation Board at the request of the Pastor and as allowed by the terms of the Endowment;
2. Income from the Endowment Fund is to be distributed by the Pastor, or in the case of Schools not associated with a Parish, the School principal, in a manner consistent with the purpose of the Endowment as set forth in its establishment documents and as determined by the board or council responsible for administering the Endowment.

**35.8. Policy** If Parish or School for which an Endowment has been created ceases to exist, the Endowment Fund shall be distributed according to the terms of the Endowment.

# APPENDIX A



## **DIOCESE OF SANTA ROSA PARISH FINANCE COUNCIL STATUTES**

January 2018



## **DIOCESE OF SANTA ROSA PARISH FINANCE COUNCIL STATUTES**

### **Preamble**

In the administration of the temporal goods of the parish, canon 532 states that the Pastor is the only authorized representative of the parish. In all juridic affairs, the Pastor represents the parish and he is to ensure that parish temporal goods are administered in accordance with canons 1281 through 1288.

Canon 537 states that in each civilly incorporated Parish and Mission there must be a Parish Finance Council to assist the Pastor, in accord with universal Church law as well as the particular law of the Diocese, in the administration of the temporal goods of the parish.

These statutes are particular law for the Diocese of Santa Rosa and are effective immediately. If for some reason a parish cannot follow some of these statutes, a documented proposal for a change is to be sent by the Pastor and indicating the consent of the Parish Finance Council and submitted to the Diocesan Finance Officer for review with final approval by the Bishop.

In these statutes, unless it is specifically stated otherwise, the term “Pastor” is to be understood to include all who fill the role of parish administration given to the Pastor in canon law, even temporarily.

Page 5, paragraph 2.17 of the Parish Financial Management Handbook notes: “Members of the Parish Finance Council are to be especially vigilant with regard to the statutes of this Parish Financial Management Handbook. Becoming a Member of the Parish Finance Council means taking on a stewardship role together with the Pastor and a working knowledge of the contents of this Handbook will strengthen a Member’s ability to fulfill this role.”

### **Definition**

The Parish Finance Council is a formal group of people appointed by the Pastor assist him in matters that touch on the administration of the temporal goods of the parish.

## Membership and Structure

- A Parish Finance Council must have a minimum of three (3) members and a maximum of seven (7) members. The Pastor serves as president of the Council but is not counted among its formal (i.e. “voting”) members.
- Each member must be an active Catholic who is in communion with the Church, is not excluded by a legitimate Church sanction and is a member of the parish through either residence or registration.
- Each member should be skilled in business, finance, or have some expertise in management (e.g. accountants, attorneys, property managers, human resources specialists, bankers) and be committed to following the social and moral teachings of the Church in the administration of the temporal goods of the parish.
- The members are to be appointed by the Pastor for either a two or a three-year term. A member may not serve for more than two consecutive terms. It is recommended that terms of office be staggered so that all members’ terms do not expire at the same time. Members who are unable to complete their term of office or who resign are to be replaced by a new member for the balance of the departing member’s term.
- A person who has a conflict of interest or who is a relative of the Pastor or of any member of the parish staff by blood or marriage or who is a member of the parish staff may not be appointed a formal member. A Pastor may remove a member of the Parish Finance Council for a serious reason but only after having consulted the Parish Pastoral Council.
- Since the Parish Finance Council must be convened by the Pastor, it ceases to function when the office of Pastor is vacant. The former Council members may be asked by the Bishop to assist with parish financial matters during the vacancy.
- A newly-appointed Pastor (but not a Parochial Administrator) may replace up to one-half of the members of the Parish Finance Council, but he may not do so until three months has elapsed since his installation. The remaining members may be replaced after nine months has elapsed after his installation.
- The Parish Finance Council is to have four officers:
  - ◆ President (the Pastor is president ex-officio and not a formal member of the council);
  - ◆ Chair (elected by the members from among the members on an annual basis);
  - ◆ Vice-Chair (elected by the members from among the members on an annual basis);
  - ◆ Secretary (elected by the members from among the members on an annual basis).

## Meetings

- The Parish Finance Council may never meet or conduct any Parish business without the presence or express consent of the Pastor.
- The Parish Finance Council must meet a minimum of four times per year.
- An agenda is to be prepared and published before each meeting of the Council.
- Parish Finance Council meetings are to be open to all parishioners unless the matters discussed are of a sensitive nature.
- Minutes of all meetings must be maintained in the parish archive and available for inspection by the Bishop or his delegate(s) when requested.
- A quorum for a meeting is a majority of the total number of formal members. For this reason, it is advised that there be an odd number of members.
- Members of the parish staff (for example, the business manager or bookkeeper) may attend meetings to provide information to the Council.

## Consultation and Consent Requirements

The Pastor must **consult** with the Parish Finance Council concerning any major commitment of the parish resources in excess of \$25,000 (i.e., Act of Extraordinary Administration, See Statutes for Parishes and Missions in Appendix B, Article 27) before permission is requested of the Bishop. Smaller projects that will cumulatively cost \$10,000 or more must also be reviewed by the Parish Finance Council.

The Parish Finance Council is to be **consulted** before initiating or contesting litigation in the civil forum. Written permission from the Bishop is also required.

While the **consent** of the Parish Finance Council is not required for acts that require it to be **consulted**, the Pastor should never lightly disregard the unanimous or nearly unanimous view of the Council (See Canon 127, §2).

The Pastor must have the **consent** of the Parish Finance Council **and** of the Bishop in order to alienate or place in jeopardy (for example, offer as collateral) ecclesiastical goods which are part of the stable patrimony of the parish (see Statutes for Parishes and Missions in Appendix B, Articles 33-37 for a fuller treatment).

## Duties and Responsibilities

**The Parish Finance Council is to: -**

- Maintain, where applicable, a collaborative relationship with the Parish Pastoral Council, the Parish School and the School's advisory committee, the parishioners and the Diocese;
- Provide sound analytical, legally appropriate financial advice to the Pastor and the parish staff;

- Advise the Pastor that the investment of funds surplus to the parish's more immediate operational needs is to be done in accord with Articles 24.8 - 24.8.3 of the Statutes for Parishes and Missions of the Diocese of Santa Rosa (See Appendix B);
- Ensure that the parish is in compliance with civil and canon law as they relate to the administration of the temporal goods of the parish;
- Be knowledgeable of and ensure the parish is in compliance with the administrative policies of the Diocese of Santa Rosa, in particular the Parish Statutes, the Seven Articles of the Parish Services Agreement and the Parish Financial Management Handbook;
- Cooperate with the audit by the Diocese at the time of the transition of the Pastor and other scheduled audits;
- Have each member individually sign the parish financial report that is filed annually with the Diocese;
- See that the assets of a civilly incorporated Mission are accounted for separately from the Parish assets.

**The Parish Finance Council offers suitable assistance to the Pastor when they:**

- ◆ review, approve and sign the annual parish operating and capital budget (including all parish ministries and Schools);
- ◆ review significant budget variances;
- ◆ review proposed non-budgeted expenditures;
- ◆ review long-range financial plans;
- ◆ advise the Pastor in financial and budgeting aspects of managing and caring for parish building and equipment in accord with the building Committee guidelines published in 2017;
- ◆ assist the Pastor in the development of a deferred maintenance Budget and a long-range improvement budget;
- ◆ assist the Pastor in formulating and reviewing the policy regarding the use of parish facilities by parishioners or *outside groups*;
- ◆ help assure that any *outside group* using parish facilities has the proper insurance coverage, showing that they have their own insurance with the parish named as an **also insured** or that they have a **special events** policy through Catholic Mutual;

- ◆ assist the Pastor in formulating and reviewing the policy regarding the use of alcoholic beverages at parish facilities. If alcohol is permitted, the Council is to assure that great care is exercised in ensuring that all legal and liability issues are addressed. It is highly recommended that alcohol consumption on Parish grounds be strictly prohibited.

- **Financial Reporting:**

- ◆ help assure that the parish follows the Diocesan uniform chart of accounts;
- ◆ review the financial statements published to parishioners and submitted to the Chancery for accuracy and completeness;
- ◆ ensure parishioners are provided with an approved budget and periodic financial statements, at least annually.

- **Internal Controls:**

- ◆ ensure that all cash is included on reports;
- ◆ review cash handling and check signing protocols;
- ◆ oversee maintenance of checking account;
- ◆ assure that any reimbursement requested is to be accompanied by a suitable receipt;
- ◆ ensure the proper and timely payment of payroll taxes;
- ◆ ascertain compliance with Internal Revenue Service regulations regarding employees (e.g. hourly versus salaried) and independent contractors;
- ◆ assist the Pastor in assuring the proper provision of all benefits due to employees;
- ◆ help assure that the parish keeps accurate accounts of endowments and restricted gifts;
- ◆ help ensure that all federal, state and local tax laws are properly followed.

- **Other:**

- ◆ ensure that donations are used for the purpose for which they were given as required by canon and civil law;
- ◆ ensure that adequate insurance is maintained on all parish properties by carefully reviewing Insurance Policies and Limits;
- ◆ ensure that parishioners are educated regarding stewardship of parish funds;
- ◆ assure the observance of all banking and finance institution arrangements, Bookkeeping procedures, capital expenditures and contracts (both new and renewals) of a fiscal nature;
- ◆ review the findings of any audit done by Diocesan personnel.

### **Decree of Promulgation**

I, Robert F. Vasa, Bishop of Santa Rosa, hereby decree that the “Diocese of Santa Rosa – Parish Finance Council Statutes” be promulgated immediately by distribution to the priests of the Diocese.

Given at the Chancery of the Diocese of Santa Rosa in California on this third day of January, 2018.



Most Reverend Robert F. Vasa

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# **APPENDIX B**



**Statutes  
for the  
Parishes and Missions  
of the  
Diocese of Santa Rosa**

June 2016

# Statutes for the Parishes (and Missions) of the Diocese of Santa Rosa

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# Statutes for Parishes and Missions of the Diocese of Santa Rosa

## Preamble:

These Statutes are binding norms regulating Parishes and Missions in the Diocese of Santa Rosa. Without prejudice to universal law and Diocesan statutes, should there arise any dispute calling for an interpretation of these Statutes, the Bishop of the Catholic Diocese Santa Rosa shall be the one who decides the proper meaning of these norms.

## Parish Definition:

**Article 1:** A Parish or Mission is a community of the Christian faithful stably established in the Diocese of Santa Rosa and entrusted to a Pastor as its proper shepherd under the authority of the Bishop of Santa Rosa (canon 515, §1 of the Code of Canon Law).

## Territory and Membership:

**Article 2:** In accord with canon 518, a Parish or Mission is territorial, comprising the territory within the boundary determined by the Diocese.

**Article 3:** The Catholic faithful, that is, those persons who “have been incorporated in Christ through baptism” (canon 204, §1), who “are fully in the communion of the Catholic Church” (canon 205) and who have a domicile or quasi-domicile within the territory determined by the Diocese are members of the Parish or Mission (canon 102).

**Article 4:** The Catholic faithful living outside the territory determined by the Diocese can become members of the Parish or Mission by registering with the Parish.

## Government:

### Parish Leadership

**Article 5:** The Pastor is the proper shepherd of the Parish or Mission under the authority of the Bishop of Santa Rosa (canon 515, §1).

Section 5.1: The Pastor, who must be a priest, is freely appointed by the Bishop of Santa Rosa without prejudice to canon 682.

Section 5.2: In the Parish or Mission, the Pastor “under the authority of the diocesan bishop ... carries out the functions of teaching, sanctifying, and governing, also with the cooperation of other presbyters or deacons and with the assistance of lay members of the Christian faithful, according to the norm of law” (canon 519; see also canons 528-530).

Section 5.3: The Pastor enjoys the rights and duties found in universal and particular law, including the prescriptions stated in these Statutes.

Section 5.4: The Pastor represents the Parish or Mission in all juridic affairs according to the norm of universal and particular law (canon 532).

Appendix B - Statutes for Parishes (and Missions) of the Diocese of Santa Rosa – June 6, 2016

Section 5.5: The Pastor loses this office in the various ways described in canon 538, §§1-3.

Section 5.6: When a parish becomes vacant or a Pastor has been impeded from exercising his pastoral function and before the appointment of a parochial administrator, the parochial vicar is to assume the governance of the parish temporarily (canon 541, §1). Prior to the appointment of a new pastor or parochial administrator, the parochial vicar possesses all of the rights and duties of a pastor in relationship to the Corporation sole.

Section 5.7: The parochial administrator, the temporary parochial administrator and the priest-moderator, possess all of the rights and duties of a pastor in relationship to the Corporation sole, unless the Bishop of Santa Rosa determines otherwise and makes the exception clearly evident in the letter of appointment (cf. canon 540, §1).

Section 5.8: In this document the term pastor shall apply not only to the proper canonical pastor but also to a priest appointed as temporary parochial administrator, parochial administrator or priest-moderator unless otherwise noted.

**Article 6:** A parochial administrator or a temporary parochial administrator is freely appointed by the Bishop of Santa Rosa when the office of pastor of the Parish or Mission becomes vacant (canon 538, §§ 1-3) or the pastor is unable to exercise his office (canon 539).

Section 6.1: The parochial administrator or temporary parochial administrator possesses all of the rights and duties of a pastor in relationship to the Corporation sole, unless the Bishop of Santa Rosa determines otherwise (cf. canon 540, §1).

Section 6.2: The parochial administrator or temporary parochial administrator, who must be a priest, possesses the same rights and duties as the pastor, unless the Bishop of Santa Rosa determines otherwise (canon 540, §1).

Section 6.3: In accord with canon 540, §2, “a parochial administrator is not permitted do anything which prejudices the rights of the pastor or can harm parochial goods.”

**Article 7:** If the Bishop of Santa Rosa should decide, because of a lack of priests, that the Parish or Mission is to be entrusted to the oversight of a Parish Steward, he shall also appoint a priest-moderator “who, provided with the powers and faculties of a pastor, is to direct the pastoral care” (canon 517, §2).

Section 7.1: The priest-moderator possesses all of the rights and duties of a pastor in relationship to the Corporation sole, unless the Bishop of Santa Rosa determines otherwise (cf. canon 540, §1).

Section 7.2: The Parish Steward, who can be either a deacon or a lay member of the Christian faithful in full communion with the Catholic Church, is freely appointed by the Bishop of Santa Rosa for a term, not to exceed three years, which can be successively renewed.

Section 7.3: Without prejudice to the norm of universal law, the duties and responsibilities of the Parish Steward shall be those described and specified in the letter of appointment.

Section 7.4: If the Bishop of Santa Rosa has appointed a Parish Steward for the Parish or Mission, specific measures in these Statutes requiring the action of the pastor may be done validly by the Parish Steward only after receiving the consent of the priest-moderator in writing.

Section 7.5: After hearing the priest-moderator, and for a cause deemed reasonable by the Bishop, the Bishop of Santa Rosa can remove a Parish Steward from office.

## **Parish Consultative Groups**

**Article 8:** The Parish or Mission is to have a Parish Pastoral Council over which the pastor presides (canon 536, §1). The purpose of the Parish Pastoral Council is to assist the pastor in the pastoral aspects of Parish life, including all ministries and Parish activities and events. The Parish Pastoral Council is consultative. When voting is necessary for the pastor to get the sense of the council, council members enjoy a consultative vote.

Section 8.1: A pastor in charge of a Parish and one or more Missions may, if circumstances permit, establish a combined Parish Pastoral Council comprised of members representing each Parish or Mission.

Section 8.2: During a vacancy in the office of pastor, the Pastoral Council does not cease to exist and can be convened by the Parochial Administrator or priest-moderator. Upon the appointment of a new pastor the existing members of the Pastoral Council may be replaced but only after the new pastor has been in office for three months.

**Article 9:** The Parish or Mission is to have a Parish Finance Council over which the pastor presides (canon 537). The purpose of the Parish Finance Council is to assist the pastor in the administration of the temporal aspects of Parish life (canon 537). The Parish Finance Council is consultative except when consent is required by universal or particular law.

Section 9.1: During a vacancy in the office of pastor, the Parish Finance Council ceases to function but can be convened and activated by the Parochial Administrator or priest-moderator. Upon the appointment of a new pastor or Parish Steward the existing members of the Pastoral Council may be replaced but only after the new pastor has been in office for three months.

## **Parish Operations and Administration:**

### **Sacraments and Mass Offerings**

**Article 10:** In accord with canon 535, §1, the Parish or Mission has registers for recording the celebration of Baptism, Confirmation, First Communion, Marriage, and Funerals. It is the responsibility of the pastor to see that the registers are maintained and safeguarded.

**Article 11:** Mass offerings, which are given to a priest by a member of the Christian faithful for the application of a specific intention, are not considered assets of the Parish and are to be accounted for separately.

Section 11.1: The pastor is to record “accurately the number of Masses to be celebrated, the intention, the offering given, and their celebration” in a book for this purpose.

Section 11.2: The norms of canons 945-958 pertaining to offerings given for the celebration of Mass are to be followed.

Section 11.3: Diocesan policy on Mass offerings and offerings for Sacraments, Sacramentals and Funerals, as set forth in the Statutes of the Diocese of Santa Rosa and such other policies as the Bishop may, from time to time, promulgate, shall also be followed.

## **Temporal Goods**

**Article 12:** As a public juridic person in the Church (canon 515, §3), the Parish or Mission has the right to acquire, retain, administer, and alienate ecclesiastical goods in accordance with universal and particular law. The pastor of the Parish or Mission is the administrator of the ecclesiastical goods belonging to the Parish (canon 1279, §1).

**Article 13:** In addition to the prescriptions stated in these Statutes, all matters concerning the temporal goods of the Parish or Mission shall be governed by universal and particular law, including, but not limited to, the Statutes of the Diocese of Santa Rosa.

## **The Acquisition of Goods**

**Article 14:** The Christian faithful who are members of the Parish or Mission have an obligation to support the Parish and its apostolic mission (canons 222, §1; 1260-1262; 1283, 1°).

Section 14.1: The pastor will “prepare and sign an accurate and clear inventory of immovable property, movable objects, whether precious or of some cultural value, or other goods, with their description and appraisal” (canon 1283, 2°).

**Article 15:** Offerings given to the pastor are presumed given to the Parish or Mission unless the contrary is established by definitive statements (canon 1267, §1).

**Article 16:** Gifts of greater importance offered to the Parish or Mission cannot be refused by the pastor except with the permission of the Bishop of Santa Rosa (canon 1267, §2).

**Article 17:** Gifts offered to the Parish or Mission with an unusual condition attached can be accepted only after hearing the Parish Finance Council, whose opinion is to be submitted in writing and with the permission of the Bishop of Santa Rosa (canon 1267, §2).

**Article 18:** Offerings given by the faithful for a certain purpose can be applied only for that same purpose (canon 1267, §3).

**Article 19:** While Mass offerings belong to the priest who applied the Mass for the intention of the donor (canon 945, §1), offerings for Sacraments, Sacramentals and Funerals in the Parish belong to the Parish or Mission “unless in the case of voluntary offerings the contrary intention of the donor is certain” (canon 531). The norms set forth in the Diocesan Statutes are to be followed (cf. Article 11, Section 11.3 & canon 1264, 2°).

**Article 20:** Monies collected by organizations of the Parish are subject to Parish oversight.

**Article 21:** Monies collected by organizations operating within or in conjunction with the Parish are subject to Parish oversight.

### **The Administration of Goods**

**Article 22:** While the administration of the ecclesiastical goods belonging to the Parish or Mission pertains to the pastor, the Bishop of Santa Rosa exercises vigilance over all temporal goods belonging to the public juridic persons subject to him (canon 1276, §1). To this end, the Bishop of Santa Rosa may “issue special instructions within the limits of universal and particular law” (canon 1276, §2).

**Article 23:** Upon his appointment as pastor of the Parish or Mission the priest will take an oath before the bishop or his delegate that he will administer well and faithfully the goods of the Parish (canon 1283, 1°).

Section 23.1: The pastor will “prepare and sign an accurate and clear inventory of immovable property, movable objects, whether precious or of some cultural value, or other goods, with their description and appraisal” (canon 1283, 2°).

Section 23.2: This inventory of ecclesiastical goods is to be reviewed annually and updated when there is a change in the patrimony of the Parish.

Section 23.3: A copy of the completed inventory is to be kept in the Parish archives.

**Article 24:** As a good householder, all those who administer ecclesiastical goods shall be bound by the prescriptions of canon 1284, namely:

Section 24.1: The pastor shall exercise vigilance, in conjunction with his Parish Finance Council, so that the goods of the Parish or Mission “are in no way lost or damaged,” seeing to it that proper insurance coverage is sought and maintained as appropriate (canon 1284, §2, 1°).

Section 24.2: The pastor, in conjunction with his Parish Finance Council, shall ensure that the Parish ownership of ecclesiastical goods is protected by civilly valid means (canon 1284, §2, 2°).

Section 24.3: The pastor, in conjunction with the Parish Finance council, shall “observe the prescripts of both canon and civil law or those imposed by a founder, a donor, or legitimate authority.” He shall “be on guard so that no damage comes to the Church from the non-observance of civil laws” (canon 1284, §2, 3°).

Section 24.4: Acts of the pastor which are canonically invalid are also civilly invalid. “Unless and to the extent that it is to its own advantage,” the Parish or Mission “is not bound to answer for acts invalidly placed by” the pastor of the Parish or Mission (canon 1281, §3).

Section 24.5: Acts of the pastor which are canonically illegitimate but valid are also civilly illegitimate but valid. The parish “will answer for acts illegitimately but validly placed by its administrators, without prejudice to its right of action or recourse against the administrators who have damaged it” through malice or culpable negligence (canon 1281, §3, cf. canon 128).

Section 24.6: The pastor shall “collect the return of goods and the income accurately and on time, protect what is collected, and use them according to the intention of the founder or legitimate norms” (canon 1284, §2, 4°).

Section 24.7: The pastor shall see that the interest due on loans or mortgages is paid on time and that the principal of the debt is repaid in a timely manner (canon 1284, §2, 5°).

Section 24.8: The pastor, in accord with the Code of Canon Law and with diocesan policy, is required to obtain the permission of the bishop in order to invest in savings those funds over and above what is needed for normal daily business.

Subsection 24.8.1: “Funds needed for normal daily business” is defined in the Diocese of Santa Rosa as the normal operating expenses for a six-month period (canon 1284, §2, 6°).

Subsection 24.8.2: The request for permission to invest excess funds is to include the amount to be invested, the Investment Policy of the Parish and the proposed portfolio.

Subsection 24.8.3: All investments must be in accord with the Catholic socially responsible investment principles adopted by the Diocese of Santa Rosa.

Section 24.9: The pastor shall see that well organized books of Parish receipts and expenditures are kept (canon 1284, §2, 7°).

Subsection 24.9.1: The Parish or Mission will cooperate with a periodic financial operations review in compliance with Diocesan policy.

Section 24.10: At the end of each fiscal year, the pastor shall draw up a financial report of the administration of the Parish (canon 1284, §2, 8°).

Subsection 24.10.1: This report, after having been reviewed by the Parish Finance Council, is to be submitted to the Diocesan Finance Officer not later than August 31 each year (canon 1287).

Subsection 24.10.2: At least annually, the pastor shall report to the Christian faithful of the Parish or Mission a written account of the financial status of the Parish (canon 1287, §2).

Section 24.11: The pastor shall “organize correctly and protect in a suitable and proper archive the documents and records on which the property rights of the Church” are founded. Originals of these documents are also to be kept in the archives of the diocesan curia and authentic copies shall be maintained by the Parish office (canon 1284, §2, 9°).

**Article 25:** The pastor shall prepare an annual budget of income and expenditures for the Parish. After consulting the Parish Finance Council, the pastor shall implement the Parish budget (canon 1284, §3).

**Article 26:** The pastor, co-responsibly with the parish Finance Council, shall ensure that all applicable civil laws are followed in the employment of workers, including specifically wage and hour laws, overtime rules, payment of payroll taxes for each employee, and such other laws and regulations that apply to California employees. Employees of the Parish shall be given “a just and decent wage” in order to provide for themselves and their families (canon 1286).

**Article 27:** Three levels of administration mark the limits within which the pastor can act validly in administering the ecclesiastical goods of the Parish or Mission.

Section 27.1: Acts of ordinary administration refer to activities that occur regularly, such as paying salaries, providing for benefits, paying bills, maintaining a regular checking account, paying for Parish programs, paying taxes, acceptance of ordinary donations, and renting church property for relatively short periods of time. Within the limits of ordinary administration, the pastor can make appropriate donations from the assets of the Parish to ordinary works of the sacred apostolate and charity, especially towards the needy (canon 1254, §2). He is to determine the limits of what amount can be given and is encouraged to share these assets (see also canon 1298). Outside the limits of ordinary administration, the pastor acts invalidly, unless he has first obtained permission from the Bishop of Santa Rosa or his delegate (canon 1281, §1) and followed the norms in universal and particular law.

Section 27.2: More important acts of administration require, for validity, that the pastor first consult the Parish Finance Council before requesting written permission from the Bishop of Santa Rosa or his delegate. The more important acts of administration are the following:

- A. Accepting an offering made to the pastor of the Parish or Mission with a condition attached (canon 1267, §2).
- B. Leasing Parish property when the lease exceeds 10 months or when income is less than the Parish cost of maintaining the facility.
- C. Any other important acts of administration specified by particular law.

Section 27.3: Acts of extraordinary administration require, for validity, that the pastor first receive the consent of the Parish Finance Council before requesting written permission from the Bishop of Santa Rosa or his delegate. Extraordinary acts of administration are the following:

- A. Purchasing immovable property.
- B. Accepting gifts or bequests of real property.
- C. Building, tearing down, rebuilding or renovating any Parish building or making extraordinary repairs on them.
- D. Establishing endowments or foundations.
- E. Commencing or conducting a capital campaign.
- F. Leasing Parish property when the annual lease income exceeds the maximum amount set by the United States Conference of Catholic Bishops or whose value exceeds the minimum amount and whose terms exceeds three years.
- G. Establishing or suppressing any parochial establishment, including owning or operating a business.

- H. Establishing any partnerships, joint ventures, mergers, or legal alliances with any entity or person.
- I. Commencing or eliminating insurance or employee benefits programs.
- J. Engaging legal counsel to represent the Parish whether on a fee for service or *pro bono publico* basis.
- K. Any other acts of extraordinary administration specified by particular law.

**Article 28:** The pastor is permitted to grant a license, or written permission to an individual or group, for the non-exclusive use of Parish facilities, according to the following conditions:

Section 28.1: The pastor shall ensure that any use of Parish facilities complies with the Diocese of Santa Rosa’s Facilities Use Policy promulgated by the Bishop of Santa Rosa.

Section 28.2: Prior to granting any license, the pastor, in conjunction with his Parish Finance Council, must ensure that appropriate insurance has been provided for and the Parish office provided with adequate documentation of the same.

**Article 29:** The pastor is “neither to initiate nor to contest litigation in a civil forum in the name of” the Parish or Mission without consulting the Parish Finance Council and receiving the written permission of the Bishop of Santa Rosa (canon 1288). The pastor shall not engage legal counsel to represent the Parish or Mission in any civil legal matter without first consulting the Parish Finance Council and the Bishop of Santa Rosa. The Bishop may, at his sole discretion, direct the diocesan attorney for the Diocese of Santa Rosa to represent the Parish or Mission in such civil legal matters.

**Article 30:** In the administration of the Parish or Mission the pastor will follow the policies and guidelines given in the Parish Financial Management Handbook, as promulgated by the Diocesan Bishop.

**Article 31:** In the administration of the Parish or Mission the pastor shall execute a Parish Services Agreement between the the Parish or Mission of Santa Rosa, a corporation sole and the diocesan corporation sole, in a form promulgated by the Finance Office of the Diocese of Santa Rosa, that provides for the provision of temporal and pastoral services by the diocesan corporation sole to the Parish corporation sole in consideration of the annual assessment paid by the Parish corporation sole to the diocesan corporation sole. The Bishop of Santa Rosa may, from time to time, modify the Parish Services Agreement, which shall be executed as amended by the Parish corporation sole and the diocesan corporation sole.

**Article 32:** Negligence is the failure to act as a reasonably prudent person would act in like circumstances in the administration of the Parish or an unwillingness to exercise reasonable care in the administration leading to an injury of persons or damage to property. Negligence includes the following:

- A. The use of property, assets or money for purposes which are not of benefit or which are detrimental to the Parish.
- B. Transactions outside the scope of the pastor's authority or without proper consultation with the appropriate parochial councils or proper approval of the Bishop of Santa Rosa.

C. Failure to comply with norms, policies, and programs offered by those offices and persons delegated by the Bishop of Santa Rosa to assist in the financial, business, and professional operations of the Parish.

D. Holding oneself out to third parties with implied authority to transact business beyond the actual authority granted by universal or particular law or these Statutes.

### **The Alienation of Goods**

**Article 33:** The pastor acts invalidly in alienating ecclesiastical goods of the stable patrimony of the Parish or Mission without first receiving the consent of the Parish Finance Council, and the subsequent written permission of the Bishop of Santa Rosa (canon 1291).

**Article 34:** Acts of alienation include the following:

A. The sale, exchange, mortgage, or divestiture of immovable church property, or its subjection to any other servitude or burden.

B. The sale, exchange, mortgage, or divestiture of objects of art, historical documents or movable property of great importance, or goods given to the Church by vow.

**Article 35:** In the alienation of ecclesiastical goods of the stable patrimony of the Parish or Mission above the minimum amount defined by the United States Conference of Catholic Bishops, the procedure prescribed by canons 1291-1294 in the Code of Canon Law shall be followed.

**Article 36:** For any transaction that can worsen the patrimonial condition of the Parish or Mission the pastor shall observe the procedure prescribed by canons 1291-1294 in the Code of Canon Law (canon 1295), e.g., borrowing or loaning money or entering into onerous contracts.

**Article 37:** “Whenever ecclesiastical goods have been alienated without the required canonical formalities but the alienation is valid civilly, it is for the competent authority (i.e. Bishop of Santa Rosa), after having considered everything thoroughly, to decide whether and what type of action, namely, personal or real, is to be instituted by whom and against whom in order to vindicate the rights of the Church” (canon 1296).

Section 37.1: “A person who alienates ecclesiastical goods without the prescribed permission is to be punished with a just penalty” (canon 1377).

### **Concerning the Union, Division, or Extinction of Parishes:**

**Article 38:** Should the Bishop of Santa Rosa modify or alter the Parish or Mission in accord with canon 515, §2, the patrimonial goods of the Parish - including all assets and liabilities - shall be joined, divided, or allocated according to the norms of canons 121-123 respectively.

## Amendment Process:

**Article 39:** Amendments to these Statutes may be proposed in writing, along with the explanatory reasons, to the Bishop of Santa Rosa by the pastor of the Parish or Mission after receiving the consent of the Parish Finance Council.

Section 39.1: At his discretion, the Bishop of Santa Rosa may consult with the Diocesan Finance Council or Presbyteral Council before making a decision on whether or not to approve the proposed amendment.

Section 39.2: The approval of any amendment to these Statutes by the Bishop of Santa Rosa shall be in writing.

**Article 40:** The Bishop of Santa Rosa may at any time amend or replace these Statutes of the Parish or Mission of Santa Rosa on his own initiative in accord with the Code of Canon Law.

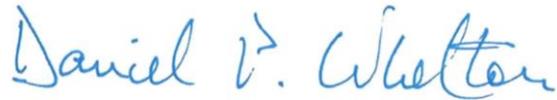
These Statutes of the Parish or Mission of Santa Rosa shall become effective immediately, any previous statutes, norms, or customs notwithstanding. These Statutes are subject to the provisions stated in the Code of Canon Law and other universal law as well as particular law promulgated by the Bishop of Santa Rosa.

Promulgated at the Diocese of Santa Rosa Chancery Office

on the 6th day of June, 2016.



Most Reverend Robert F. Vasa,  
Bishop of Santa Rosa



Monsignor Daniel Whelton,  
Chancellor

APPENDIX C

**SERVICES AGREEMENT**

**between**

**Incorporated and Unincorporated Parishes,  
Missions and Entities of the Diocese of Santa**

**Rosa and**

**The Roman Catholic Diocese of Santa Rosa**

# **SERVICES AGREEMENT**

**between**

**Incorporated and Unincorporated Parishes,  
Missions and Entities of the Diocese of Santa  
Rosa and**

**The Roman Catholic Diocese of Santa Rosa**

## **PARISH SERVICES AGREEMENT**

This Parish Services Agreement (“Agreement”) by and between The Roman Catholic Bishop of Santa Rosa, a California corporation sole, which is also a juridic entity recognized by the Roman Catholic Church (the “Bishop” or the “Diocese”) and Incorporated and Unincorporated Parishes, Missions and Entities of the Diocese of Santa Rosa, which are juridic entities recognized by the Roman Catholic Church (collectively “Parish”) is effective July 1, 2017.

### **RECITALS**

- A. The Diocese is recognized by the Code of Canon Law of the Roman Catholic Church (the “Code of Canon Law”) as a portion of the people of God, which is entrusted to a bishop for him to shepherd with the cooperation of the presbyterate, so that, adhering to its pastor - in this instance the Roman Catholic Bishop of Santa Rosa (the “Diocesan Bishop”) - and gathered by him in the Holy Spirit through the gospel and the Eucharist, it constitutes a particular church in which the one, holy, catholic, and apostolic Church of Christ is truly present and operative.
- B. The Parish is recognized by the Code of Canon Law as a certain community of the Christian faithful stably constituted in a particular church, whose pastoral care is entrusted to a priest, priest-administrator or priest-Moderator as its proper pastor (hereinafter collectively referred to as pastor) under the authority of its diocesan bishop. The Parish may also be a corporation sole established under the laws of California.
- C. The Code of Canon Law recognizes the Diocese and the Parish as having separate juridic personalities. Throughout the history of the Church, the dioceses and the parishes have established a custom for operations with one another which is based on the Code of Canon Law and tradition of the Roman Catholic Church.
- D. In order to better comply with the letter and spirit of the Code of Canon Law and to ensure that the civil law recognizes the reality that the Diocese and the Parish are distinct and separate juridic personalities under the laws of the Roman Catholic Church, on or about the date of this agreement, the Parish, with the consent of the Diocese, has been allowed to be legally organized as a California corporation sole under the laws of the State of California.

- E. The Parish shall operate as a separate entity as contemplated by the Code of Canon Law. To assist the Parish in its operations, the Diocese has agreed to provide certain administrative services to the Parish, and the Parish desires to engage the Diocese to provide such services, for the term and on the conditions set forth below.
- F. The Parish desires to provide the highest quality religious programs typical of a Roman Catholic Parish, to include but not be limited to religious services, administering the sacraments, religious education, spiritual formation, liturgical formation, ministry, and catechesis of the faithful, but requires assistance from the Diocese to arrange for certain ministerial programs, training and formation, liturgical, sacramental, business, fundraising, administration, personnel, facilities compliance, construction, legal, accounting, management and administrative support services necessary to the successful operation of a Roman Catholic Parish, and the Diocese desires to provide such services and guidance to promote the mission of the Church in the Diocese of Santa Rosa, in the tradition and custom of the Roman Catholic Church.
- G. It is the intent of the Diocese and the Parish through this Services Agreement to memorialize an agreement that captures the reality of how the Diocese and the Parish are already operating in accordance with the Code of Canon Law and tradition of the Roman Catholic Church.

THEREFORE, the parties agree as follows:

**ARTICLE I**

**PROVISION OF SERVICES BY DIOCESE**

1.1 Services Specified under Canon Law and Tradition of the Roman Catholic Church.

The Diocese shall provide services for the Parish, as specified by Canon Law, to include:

- a. Appointment of priests, which appointment or whether the Parish shall have such appointment shall be in the sole discretion of the Diocesan Bishop;
- b. Appointment of permanent deacons, which appointment or whether the Parish shall have such appointment shall be in the sole discretion of the Diocesan Bishop;
- c. Seminary formation of priests;
- d. Formation of permanent deacons;
- e. A Tribunal system as established by the Code of Canon Law and the Roman Curia of the Roman Catholic Church; and,
- f. Such other services as are required by the Code of Canon Law and tradition of the Roman Catholic Church.

1.2 Priest Personnel.

The Diocese shall provide the following with regard to Priests appointed to the Parish by the Diocesan Bishop:

- a. Development and maintenance of a Priests' Remuneration Policy to be applied to all priests ministering in the diocese. The Parish agrees to remunerate any priest appointed to the Parish by the Diocesan Bishop in accordance with the Priests' Remuneration Policy promulgated by the Diocese, which Policy may be amended by the Diocese from time to time.
- b. Procurement, maintenance, and administration of the priests' health insurance, dental insurance, pension plan, and Section 403(b) savings plan, if and when deemed appropriate by the Diocese for the benefit of the priests of the Diocese. The Parish agrees to pay all applicable premiums, as determined by the Diocese, for all priests assigned to minister in the Parish.
- c. Development and maintenance of various Priests' Personnel Policies as deemed appropriate and necessary by the Diocese from time to time, all of which shall apply to Priests appointed to the Parish by the Diocesan Bishop.

- d. Development and maintenance of programs and policies for the continuing education and spiritual renewal of priests assigned to the Parish, including but not limited to: Priests' Study Days, Priests' Retreats, Sabbaticals, Convocations, Group Gatherings, Ongoing Formation Sessions, Speaker/Discussion Series, and such other programs as may be deemed appropriate by the Diocese from time to time. The Parish agrees that any priest assigned to the Parish will participate in the above-described programs, policies, and activities and the Parish shall, on behalf of the priest or priests, pay the cost associated with the Parish priests' participation in such programs in amounts determined by the Diocese.
- e. With regard to all legal matters involving priests assigned to the Parish, the Diocese may provide legal counsel to assist the Parish and/or Diocese, as deemed necessary by the parties. The choice and selection of counsel shall be within the exclusive discretion of the Diocese. If appropriate under the Rules of Professional Conduct of the State Bar of California and in the judgment of the Diocesan Bishop, the general counsel for the Diocese may act as legal counsel to the Parish. Professional fees and costs related to such legal services provided to the Parish shall be paid by the Parish or as otherwise agreed to by the Diocese and the Parish.
- f. Development, updating and administration of a program to conduct criminal history background checks on designated clergy (including priests, deacons, and religious), which may include the receipt by the Diocese of certain criminal history reports.

### 1.3 Lay Personnel.

The Diocese shall provide the following lay personnel services to the Parish:

- a. Serve as the primary human resources management consultant with regard to Parish personnel issues involving lay employees, including, but not limited to, consultation and assistance in employee recruitment, screening, interviewing, development of personnel specifications, preparation of job descriptions, conducting employee orientations, preparation of compensation schedules, advice regarding cost of living adjustments, employee development and training, employee performance evaluation, workplace conflict resolution, managing employment-related claims, and other lay personnel management issues.
- b. Development and maintenance of employment policies conforming to California and federal law, as well as the ecclesial policies of the Diocesan Bishop relative to lay employment by the Church, and to publish periodically an Employee Handbook containing the various lay personnel policies applicable to Parish lay employees.
- c. Procurement, maintenance, and administration of the Parish lay employee health insurance, dental insurance, life insurance, pension plan, Section 403(b) savings plan, workers' compensation insurance, unemployment insurance, and other benefit programs if and when deemed appropriate by the Diocese for the benefit of the Parish's lay employees. The Parish has the responsibility to subscribe to such programs and to pay applicable premiums as determined by the Diocese.
- d. Development and maintenance of a lay employee compensation and human resources management system for use by the Parish as deemed appropriate by the Diocese, including, but not limited to, providing access to resources such as job descriptions, job qualification standards, salary schedules, personnel file protocols, and employee document retention policies.
- e. Development and maintenance of a formal dispute resolution process in accordance with canon law, and with due regard for civil law, to be applied to all of the Parish's lay employee disputes.

- f. With regard to all legal matters involving Parish lay employees, the Diocese may provide legal counsel to assist the Parish and/or Diocese, as deemed necessary by the parties. The choice and selection of counsel shall be within the exclusive discretion of the Diocese. If appropriate under the Rules of Professional Conduct of the State Bar of California and in the judgment of the Diocesan Bishop, the general counsel for the Diocese may act as legal counsel to the Parish. Professional fees and costs related to such legal services provided to the Parish shall be paid by the Parish or as otherwise agreed to by the Diocese and the Parish.
- g. Development and maintenance of a diocesan-wide coordinated payroll processing system as deemed necessary and appropriate by the Diocese.
- h. Development, updating and administration of a program to conduct criminal history background checks on designated lay employees and volunteers at the Parish, which may include the receipt by the Diocese of certain criminal history reports.

#### 1.4 Temporalities.

In addition to the temporality-related services provided in connection with the Priest Personnel and Lay Personnel provisions set forth above, the Diocese shall also provide the following services to the Parish:

- a. Serve as the primary consultative resource for the Parish with regard to all temporalities and prudent stewardship of Parish patrimony, including, but not limited to, Parish financial accounting, administration, real estate matters, land use issues, contractual issues, insurance and risk management, legal issues, and general business operations.
- b. Formulate policies and procedures regarding the proper use and stewardship of Parish temporalities and patrimony, and to develop, maintain, and periodically publish a Parish Financial Management Handbook, which shall include standard financial operating policies, procedures, and practices to be followed by the Parish.
- c. Provide a periodic Parish Financial Operations Review or a financial audit of the Parish in such frequency and manner as determined by the Diocese.
- d. Develop and maintain suitable investment vehicles for the various unrestricted, temporarily restricted, and permanently restricted assets of the Parish. The Parish recognizes that all Parish funds in excess of the equivalent of six months operating expenditures shall be invested in these investment vehicle(s). If investment in other Funds is desired this requires the express written approval and permission of the Bishop.
- e. Maintain and administer a pooled self-insurance program for the Diocese and all parishes, schools, and agencies of the Diocese of Santa Rosa to include:
  - (1) determination of self-insured retention levels and the funding of such retained risks;
  - (2) negotiation and acquisition of insurance and excess insurance coverage for general liability, sexual misconduct liability, auto liability, errors and omissions liability; employment practices liability, special events/outside users liability, property casualty, auto physical, earthquake, flood, workers' compensation, unemployment, and fidelity; all as may be deemed appropriate by the Diocese and as may be reasonably available in the market from time to time;
  - (3) establishment and communication of processes for claims reporting, management, and accounting; and,
  - (4) administration of loss prevention programs to include risk management inspections and periodic communications as regards risk management issues. The Parish has the responsibility to participate in such pooled self-insurance program and to pay the Parish's allocated cost of such program as determined by the Diocese.

- f. Serve as the primary consultative resource for the Parish with respect to all Parish real property issues, including, but not limited to, analysis and recommendations regarding real property acquisitions and sales, easements, leasing, entitlement issues, property tax issues and exemptions, diocesan approval process, and other pertinent matters.
- g. Serve as the primary consultative resource for the Parish with respect to Parish construction and/or renovation projects, including, but not limited to, project delivery method, architect selection and contracting, general contractor selection and contracting, bonding, budgeting, funding, entitlement processing, and diocesan approval processes.
- h. Serve as the primary consultative resource for Parish debtor and creditor issues, including, but not limited to, obtaining loans, restructuring and managing debt, and managing creditor/debtor issues as deemed appropriate and necessary by the Diocese.
- i. Serve as the primary consultative resource for the Parish with respect to stewardship and development activities of the Parish, including, but not limited to, parish stewardship programs, offertory enhancement programs, capital campaigns, planned giving programs, and major gifts analysis and processing. In addition, the Diocese shall facilitate, and the Parish agrees to participate in, Special Collection efforts, annual diocesan-wide appeal efforts, and periodic diocesan-wide capital campaign efforts, all as deemed appropriate and necessary by the Diocese.
- j. With regard to all legal matters involving temporalities, the Diocese may provide legal counsel to assist the Parish and/or the Diocese, as deemed necessary by the parties. The choice and selection of counsel shall be within the exclusive discretion of the Diocese. If appropriate under the Rules of Professional Conduct of the State Bar of California and in the judgment of the Diocesan Bishop, the general counsel for the Diocese may act as legal counsel to the Parish. Professional fees and costs related to such legal services provided to the Parish shall be paid by the Parish or as otherwise agreed to by the Diocese and the Parish.

#### 1.5 Legal Affairs.

The Diocese shall provide, upon consultation between the pastor and the Diocese's Finance Office, the following legal services to the Parish through the office of the Diocese's general legal counsel:

- a. To provide legal advice to the Parish regarding corporate law and regulatory compliance issues related to the Parish's status, whether it is incorporated as a California non-profit corporation sole or not, and its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.
- b. To provide legal advice and representation regarding all legal claims made, threatened, or likely to be made against or by the Parish.
- c. To provide legal services with regard to the filing of reports with insurance carriers, as may be required by respective insurers with regard to legal claims made against or by the Parish.
- d. To provide legal advice and representation regarding compliance by the Parish with mandated reporting laws, including, but not limited to, laws pertaining to mandated reporting of suspected child abuse and suspected elder abuse.
- e. To provide legal advice and representation regarding the administration, processing, and ongoing oversight of legal claims made against and/or by the Parish.
- f. To provide legal advice and representation regarding the Parish with regard to negotiations for the settlement, compromise or satisfaction of any claim asserted by or against the Parish. The Parish shall not settle, compromise or satisfy any claim without the Diocese's approval. The Parish acknowledges and agrees that the Diocese's performance hereunder

assumes the Diocese's receipt of timely notice from the Parish of the assertion of any claim against the Parish or knowledge of facts that the Parish reasonably believes may lead to the filing of a claim against the Parish. Therefore, the Parish shall promptly notify the Diocese of the existence of any and all claims, demands, crimes, or the presence of facts which the Parish reasonably believes may lead to a claim, charge or demand against the Parish. The Parish shall make available to the Diocese all information and assistance that the Diocese may reasonably request and agrees to cooperate fully and completely with the Diocese's legal counsel regarding the assessment, investigation, and defense of such claims.

- g. The Diocese may provide legal counsel to assist the Parish and/or Diocese, as deemed necessary by the parties. The choice and selection of counsel shall be within the exclusive discretion of the Diocese. If appropriate under the Rules of Professional Conduct of the State Bar of California and in the judgment of the Diocesan Bishop, the general counsel for the Diocese may act as legal counsel to the Parish. If the Parish fails to follow Diocesan Policy then professional fees and costs related to such legal services provided to the Parish and not covered by insurance would properly be paid by the Parish unless otherwise agreed to by the Diocese and the Parish.

#### 1.6 Pastoral Services.

The Diocese shall provide the following services to the Parish from time to time:

- a. Provide guidance, support and training to the Parish for evangelization and catechesis programs, including, but not limited to, training of catechists, youth catechesis, young adult catechesis, adult catechesis, other youth ministries, other young adult ministries, ethnic ministries, deaf and disabled ministries, family life ministries, and other such ministries, all as determined to be appropriate from time to time by the Diocese. The Parish agrees to participate in such programs to the extent reasonably possible and agrees to pay specific program fees as may be deemed appropriate from time to time.
- b. Provide guidance, support and training to the Parish with respect to its Parish school, if applicable. In addition to those various services described in Sections 1.1 through 1.5 above, which are assumed to include Parish schools as a material and important ministry of the Parish, provide additional services to assist the Parish school, including, but not limited to, ongoing training programs for teachers and administrators, development and promulgation of curriculum requirements, and serving as the primary consultative resource for all general school operational matters. The Parish acknowledges its responsibility to comply with those parochial school standards and requirements which may be promulgated by the Diocese from time to time.
- c. Serve as the primary consultative resource to the Parish regarding matters of worship and liturgy, including, but not limited to, communicating changes in liturgical texts and rituals as promulgated by the Holy See and the United States Conference of Catholic Bishops, providing opportunities for ongoing formation of Parish leaders with regard to liturgy and/or worship, providing input and facilitating episcopal review of all proposed changes to, design of, and construction of interior worship spaces.
- d. Provide the Parish with communications services to the public, both Catholic and non-Catholic, by providing news releases, media coordination and statements, and publication of the Diocesan newspaper, newsletters, website, and other communications. The Parish recognizes that all communications with the media outlets shall be coordinated with and approved by the Diocesan Bishop or his representative prior to communicating with said media outlet.

- e. Development and maintenance of a Safe Environment Program for the protection of children, students, parishioners, lay employees, volunteers, and clergy; including, but not limited to, criminal history background checks, fingerprinting checks, and other such investigations as may be deemed appropriate based upon the circumstances then existing. The Parish shall be required to participate in such program, as a material term of this Agreement.
- f. Such other services as the Diocesan Bishop may provide to the Parish in his sole discretion.

#### 1.7 Other Services.

From time to time the Parish may request or the Diocese may deem it appropriate for the Diocese to provide additional services not delineated in this Parish Services Agreement. If such additional services are provided, the Diocese reserves the right to require cost-reimbursement from the Parish, or an additional service fee as determined by the Diocese and agreed upon in advance by the Parish.

### **ARTICLE II OBLIGATIONS OF PARISH**

2.1 The Parish shall abide by and perform all obligations required of the Parish as required by the Code of Canon Law, the tradition and policy of the Roman Catholic Church, and such particular laws as have been and may be promulgated by the Diocese from time to time, including the diocesan statutes.

2.2 The Parish shall perform all obligations detailed elsewhere in this agreement.

2.3 The Parish shall implement, comply with and follow the policy, procedural, and pastoral manuals of the Diocese as amended from time to time, including, but not limited to:

- a. The Diocese’s policy regarding sexual misconduct on the part of clergy, employees, and volunteers;
- b. The Diocese’s policy, protocols, and procedures regarding maintaining safe environments for children and young people, including, but not limited to, performing background checks regarding employees and volunteers and assuring that all employees and volunteers complete the required training;
- c. The Diocese’s policies and procedures regarding the financial management of Church patrimony and parish assets, including implementation of the policies, protocols, and practices set forth in the Diocese’s parish financial policy manuals published periodically by the Diocese’s Finance Department;
- d. The Diocese’s policy, protocols, and procedures regarding participation in the Annual Ministries Appeal, Special Diocesan Collections, Mission Appeals, and Diocesan Capital Campaigns;
- e. The Diocese’s policies and procedures regarding employment and personnel policies governing lay employees of the Parish, including, but not limited to, adoption, implementation, and compliance with the Diocese’s Lay Employee Handbook, which is updated periodically by the Diocese; and,
- f. The Diocese’s policies and procedures regarding the use of Church facilities, including the Diocese’s facilities use policy and such other policies promulgated from time to time by the Diocesan Bishop.

2.4 The Parish shall not initiate or take any type of legal action without the express approval of the Diocese.

2.5 The Parish shall not undertake to alienate any real property of the Parish without the express approval of the Diocese.

**ARTICLE III  
TERM AND TERMINATION**

3.1 Term.

The term of this Agreement shall commence on the 1st day of July, 2017, and continue until terminated pursuant to section 3.3 of this Agreement.

3.2 Automatic Renewal of Term.

The term of this Agreement shall be perpetual unless terminated pursuant to section 3.3 of this Agreement.

3.3 Termination.

- a. Notwithstanding any other provision in this Agreement, this Agreement may be terminated by the Diocese upon the happening of the following:
  - 1) An appointment of a receiver or trustee to manage the assets of the Parish;
  - 2) Assignment for the benefit of creditors of the assets of the Parish;
  - 3) Any act of bankruptcy by the Parish.
- b. If any legislation, regulation, rule, or court decision has a material adverse effect on the operation of this Services Agreement, or jeopardizes the independent status of either of the parties, or denies expected compensation because of any of the provisions of this Agreement, then the parties shall attempt to amend this Agreement so as to avoid any adverse consequences. If the parties, acting in good faith, are unable to make required amendments within 90 days of the legislation, regulation, rule, or court decision, this Agreement shall be terminated upon the conclusion of that 90-day period.
- c. Diocese’s Power to Terminate. Notwithstanding any other provision contained in this Agreement, the Diocese may terminate this Agreement in whole, or with respect to one or more complete or partial block(s) of services, at any time by giving written notice of termination (specifying the service or services being terminated) to the Parish at least ninety (90) days in advance of the effective date of the termination.

3.4 Effect of Termination.

Upon termination of this Agreement, for whatever reason, or its expiration, the Diocese shall be entitled to all Service Fees accrued and unpaid up to the time of termination or expiration.

**ARTICLE IV  
SERVICE FEES**

4.1 Service Fees.

Subject to section 4.2 below, and in addition to other fees indicated in this agreement, as compensation for the Services provided to the Parish by the Diocese during the term of this Agreement, the Diocese shall assess the Parish Service Fees. The Service Fees shall be the “Parish Offertory Assessment” and the “Schools Assessment” assessed by the Diocese to the Parish and all other fees and assessments allowed by the Code of Canon Law and this Agreement. The Parish Offertory Assessment and Schools Assessment are modified from time to time in a manner consistent with the Code of Canon Law.

4.2 Additional Costs.

In addition to the compensation set forth in Section 4.1. above, as to any and all services subcontracted by the Diocese to third parties (e.g. - to include, but not limited to, legal fees, bank investment services, investment management fees, employee benefits, insurance, retirement

plans, priest pension plan, payroll processing fees, workers' compensation), under this Agreement for the Parish, the Parish shall reimburse the Diocese as billed or assessed by the Diocese. The Diocese shall also be entitled, in its sole discretion, to impose a surcharge on the Parish, for the direct subcontracting of the services, the amount of which shall be determined by the Diocese, in its sole discretion, giving consideration to the time and expense incurred by the Diocese in contracting with the subcontractors.

**ARTICLE V  
CONTINUING DIOCESE AND PARISH OBLIGATIONS**

5.1 Nothing contained herein shall vacate, alter, modify, or in any way change the Diocese's or the Parish's mutual and continuing obligations to one another pursuant to the Code of Canon Law and tradition of the Roman Catholic Church.

5.2 To the extent this agreement is contrary to the Code of Canon Law and the tradition of the Roman Catholic Church, then the Code of Canon Law the tradition of the Roman Catholic Church shall control.

5.3 The Parish recognizes the authority of the Diocesan Bishop, as a pastor of the Church, and shall follow his doctrine and governance, and nothing contained, or not contained in this agreement shall diminish the Diocesan Bishop's authority over the Parish as established by the Code of Canon Law and the tradition of the Roman Catholic Church.

**ARTICLE VI  
LIMITATION OF LIABILITY AND INDEMNIFICATION**

6.1 Indemnification and Limitation on Liability - General.

The Diocese and the Parish, and their respective agents, designees, and employees, and the successors and assigns of any of them, shall not be liable for any loss incurred by either of them occasioned by acts performed (or not performed) by them, or advice or assistance given by them, in good faith in the performance of their duties hereunder, and in any event shall be liable only for willful wrongdoing or gross negligence and not for honest errors of judgment; provided, however, that in no event shall either the Diocese or the Parish, or their agents be held liable for any consequential damages or for any loss of profits suffered by either of them or by any third party in any manner arising out of the performance of any actions under this Agreement. Each party hereto agrees to indemnify and hold the other harmless (including their respective agents, successors and assigns) from and against all costs, damages, judgments, attorneys' fees, expenses, obligations and liabilities of every kind and nature which they or any of them may incur, sustain or be required to pay in connection with or arising out of the performance of their obligations hereunder (unless the costs, damages, judgments, fees, expenses, obligations or liabilities are incurred in connection with or arise out of willful wrongdoing or gross negligence). This Article VI shall survive the termination of this Agreement.

6.2 Indemnification and Limitation on Liability - Priests and Deacons.

Notwithstanding the provisions of Section 6.1 above, the Diocese shall indemnify the Parish for any loss, cost, or expense incurred as a result of claims stemming from the actual or alleged misconduct, including sexual misconduct, of Priests and/or Deacons assigned to the Parish by the Diocesan Bishop. The Diocese shall provide for the defense of the Parish for such misconduct claims with legal counsel selected by the Diocese in its sole discretion, subject to those requirements of any misconduct insurance policies or self-insured retention provisions that may be applicable from time to time. Subject to the provisions of Section 6.1 above, the Diocese shall not be liable for and shall not indemnify the Parish for any acts of any lay employee and/or

volunteer of the Parish regardless of the nature of the acts. The Diocese shall not be liable for and shall not indemnify the Parish for any acts, including any loss, cost, or expense incurred as a result of claims stemming from the actual or alleged sexual misconduct, of Priests and/or Deacons and/or other temporary ministers brought into the Parish without the Bishop's knowledge or consent or without having followed the processes established by the Diocese.

## **ARTICLE VII MISCELLANEOUS**

### **7.1 Assignment.**

The parties hereby agree that this Agreement shall not be assigned or transferred by either party.

### **7.2 Choice of Law.**

This Agreement shall be construed and governed, in the sole jurisdiction of the tribunal system of the Roman Catholic Church as set forth in Section 7.17.

### **7.3 Modification.**

This Agreement shall not be modified or amended except by a written document executed by both parties of this Agreement, and such written modifications(s) shall be attached hereto.

### **7.4 Interpretation.**

Nothing herein contained shall be interpreted to expand the responsibility of the Diocese to provide services to the Parish unless expressly or explicitly provided for herein.

### **7.5 Notices.**

- a. All notices required to be given or provided for in this Agreement shall be in writing.
- b. All notices required to be given or provided for in this Agreement shall be given by any of the following means: (i) personal service; (ii) electronic communication; (iii) overnight courier; or (iv) registered or certified, first class mail, return receipt requested. Such addresses may be changed by Notice to the other parties given in the same manner as provided for the giving of Notice. Any Notice, demand, or request sent pursuant to either subsection (i) or (ii) hereof shall be deemed received upon personal service or upon dispatch by electronic means. Any Notice, demand or request sent pursuant to subsection (iii) shall be deemed received on the business day immediately following deposit with a recognized national or regional overnight courier and, if sent pursuant to subsection (iv), shall be deemed received seventy-two (72) hours following deposit into the mail. Notices given pursuant to subsection (ii) shall also be printed and deposited in first class mail with the United States Postal Service on the same day as electronic notice is given unless the recipient acknowledges receipt of the electronic notice.
- c. All notices to the Diocese shall be sent to (i) Diocese of Santa Rosa, Attn: Vicar General, 985 Airway Court, Santa Rosa, CA 95403 (P.O. Box 1297, Santa Rosa, CA 95402) and/or (ii) to such other Person or Place as the Diocesan Bishop may from time to time direct by Notice.

All notices to the Parish shall be delivered or mailed to (i) the pastor or duly authorized administrator of the Incorporated or Unincorporated Parish, Mission or Canonical entity or (ii) to such other address as the Parish shall designate to the Diocese by Notice.

### **7.6 Waiver.**

No waiver by either of the parties hereto of any failure by the other party to keep or perform any provision or covenant of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same, or of any other provision, covenant or condition. All rights and remedies herein granted or referred to are cumulative; resort to one shall not preclude resort to another or any other right or remedy provided by law.

#### 7.7 Confidentiality.

The Parish and the Diocese recognize that the terms and conditions of this Agreement constitute a binding contract between them. It is intended for use by them and by others who have responsibilities relating to either the Parish or the Diocese. While the terms of the Agreement are not confidential, care is to be exercised lest unauthorized interpretations of portions of the Agreement, taken out of context, be used in a manner which causes harm to either party to the Agreement.

#### 7.8 Additional Documents.

Each of the parties hereto agrees to execute any document or documents that may be requested from time to time by the other party to implement or complete such party's obligations pursuant to this Agreement.

#### 7.9 Non-Exclusive Relationship.

The Diocese may represent, perform services for, become employed by, and contract with as many additional Parishes, persons, or companies as the Diocese, in its sole discretion, deems fit.

#### 7.10 Severability.

It is understood and agreed by the parties hereto that if any part, term, or provision of this Agreement is held to be illegal, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be invalid.

#### 7.11 Section Headings.

The section headings appearing in this Agreement have been inserted for the purpose of convenience and ready reference. They do not, and shall not be deemed to, define, limit or extend the scope or intent of the sections to which they pertain.

#### 7.12 Binding Effects.

Provisions of this Agreement shall bind the parties mutually and their respective successors and assigns.

#### 7.13 Mutual Cooperation.

The parties acknowledge that a high degree of communication and cooperation is entailed in fostering a good working relationship between the Diocese and the Parish. Both parties agree to use all reasonable efforts to cooperate with one another and keep one another informed as to information necessary for successful assistance with the management of the Parish.

#### 7.14 Counterparts.

This Agreement may be executed in one or more counterparts.

#### 7.15 Relationship Between Parties.

The Diocese and the Parish are independent parties under civil law and are separate juridic persons under Canon Law and intend to preserve and protect that civil independence and separate juridic personality. This Agreement is intended solely as a service agreement, and no partnership, joint venture, employment, agency, franchise, or other form of agreement or relationship is intended. Each party agrees to be responsible for all of its federal and state taxes, withholding, social security, insurance, and other benefits, and all salaries, benefits, and other costs of its employees, except as otherwise specifically contemplated by the provisions of this Agreement (e.g., where the Parish has agreed to reimburse the Diocese for its costs). From time to time, in connection with the services referred to in this Agreement, the Diocese may act as the Parish's agent if the Parish requests the Diocese to do so and the Diocese, in its sole discretion, agrees.

7.16. No Third-Party Beneficiaries.

This Agreement is not intended to create any rights in any person or entity who is not a party to this agreement, and no such rights are created hereunder.

7.17 Forum Selection Clause and Mutual Waiver of Right to Trial by Jury.

The Diocese and Parish expressly waive a) their right to a trial by jury, b) their right to a trial by civil court, and c) their right to bring any dispute between the parties to the courts of the State of California and/or the United States of America. The Diocese and Parish agree to arbitrate any disputes under this agreement before the Tribunal system established by the Code of Canon Law and the Roman Curia of the Roman Catholic Church. The arbitration shall be conducted in and pursuant to the rules and procedures of the tribunal system established by the Code of Canon Law and the Roman Curia of the Roman Catholic Church. The final decision of the Roman Curia tribunal system shall not be subject to appeal in the courts of the State of California or the United States of America. **The Diocese and Parish agree that this forum selection clause has been negotiated between the parties to this contract and that this language is conspicuous.** The provisions of this section, Section 7.17, may be enforced by any Court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the party against whom enforcement is ordered.

I, Robert F. Vasa, as Bishop of the Diocese of Santa Rosa, after having heard the representatives of the Presbyteral Council and having received their majority vote on the resolution to adopt this Services Agreement as binding for all of the Incorporated and Unincorporated Parishes, Missions and Canonical Entities of the Diocese hereby execute this Services Agreement on the day and year noted below.

**“DIOCESE”**

THE ROMAN CATHOLIC BISHOP OF SANTA ROSA, a California corporation sole

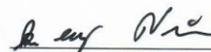
  
By: Most Reverend Robert F. Vasa, Bishop

July 1, 2017

**RESOLUTION of the Presbyteral Council of the Diocese of Santa Rosa:** BE IT RESOLVED, that having reviewed and studied the Services Agreement between the Incorporated and Unincorporated entities of the Diocese and The Roman Catholic Bishop of Santa Rosa, we, the Presbyteral Council of the Diocese of Santa Rosa, representing the Incorporated and unincorporated Parishes, Schools and other entities of the Diocese of Santa Rosa, approve its adoption as binding for these entities.

AYE 30 NAY 0 ABSTAIN 1

CONFIRMED by Chairman of the Presbyteral Council  6/8/17  
Rev. Alvin Villaruel Date

ECCLESIASTICAL NOTARY  09/09/17  
Rev. Gregory Villaescusa Date  
Secretary of the Presbyteral Council

# APPENDIX D



**Remuneration for Priests  
Serving in the  
Parishes and Missions  
of the  
Diocese of Santa Rosa**

July 2020

## **APPENDIX - REMUNERATION FOR PRIESTS**

### **GENERAL PRINCIPLES**

Canon 281, §1: Since clerics dedicate themselves to ecclesiastical ministry, they deserve remuneration which is consistent with their condition, taking into account the nature of their function and the conditions of places and times, and by which they can provide for the necessities of their life as well as for the equitable payment of those whose services they need.

Canon 282, §1: Clerics are to foster simplicity of life and are to refrain from all things that have a semblance of vanity.

Canon 282, §2: They are to wish to use for the good of the Church and works of charity those goods which have come to them on the occasion of the exercise of ecclesiastical office and which are left over after provision has been made for their decent support and for the fulfillment of all the duties of their own state.

### **CLERGY FINANCIAL BENEFITS AND RESPONSIBILITIES**

A diocesan priest is responsible for his own financial well-being. This responsibility necessarily entails prudent stewardship and the avoidance of two extremes. One is that an individual spends unwisely and thus lacks sufficient resources to meet his just and necessary responsibilities. The other is that an individual never spends any of his own money and expects others and the Parish to cover every conceivable expense or to be reimbursed for it. Good stewardship lies in the middle. As priests we need to model the simplicity, the poverty and the generosity of Christ. It is important to recognize that how we utilize our personal resources is an expression of our spirituality. As a general principle we should exercise a very strict vigilance over Parish funds and not ever use them for our own personal advantage. On the other hand, we should be as generous as possible with our own resources.

In order to help assure a proper stewardship of Parish resources and to assist each of us in properly evaluating our relationship to monetary resources the following guidelines are provided. These will also serve to fulfill a need for clarity and consistency for priests and parishes. The frequent recruitment of extern priests to serve in the Diocese likewise necessitates a clear and consistent statement of which expenses are personal and which are to be provided by the Parish.

#### **Salary and Automobile:**

The parish or institution is the source of salary and auto allowance for the priest.

All priests (pastors, administrators, parochial vicars and those in special ministry) ministering in the Diocese of Santa Rosa receive a uniform salary and auto allowance approved by the Diocesan Bishop.

The salary and auto allowance are reviewed annually in conjunction with the Consumer Price Index for the Bay Area.

Each priest is responsible for the purchase of his automobile and for the payment of all operation and maintenance expenses. He is obligated to carry adequate insurance as defined by our Diocesan insurers. The current required minimums are \$100,000/\$300,000 for Bodily Injury Liability and for Property Damage Liability.

For parochial and diocesan duties only, the priest is entitled to receive the US government *Variable Costs Rate* for mileage reimbursement. This is calculated each year and communicated in conjunction with salary and auto allowance.

The priest is to maintain a written log of ministerial miles driven providing date, miles travelled and the ministerial reason.

The written log is to be available to the Parish Finance Council in order to verify a mileage reimbursement request.

Any mileage incurred outside of parochial or diocesan duties and is for personal use is the sole responsibility of the priest.

### **Benefits:**

The parish or institution is the source of payment for the health premium and pension contribution for all priests ministering in the Diocese of Santa Rosa.

The benefits of Long-Term Care, Long-Term Disability and Life Insurance (funeral and burial expenses) are available only for incardinated priests of the Diocese of Santa Rosa.

All the benefits listed above are approved only by the Diocesan Bishop and are reviewed and adjusted annually.

### **Room and Board:**

All priests with an official assignment in the Diocese of Santa Rosa are to reside in a parish rectory unless the Diocesan Bishop has approved some other provision.

The rectory is the home of all the priests assigned to (or in residence in) the parish and belongs to no one of the priests individually or solely.

Only priests and seminarians are to reside in rectories. An exception requires written permission of the Diocesan Bishop.

### **Food Allowance:**

If a parish has a cook who purchases groceries and provides at least one meal each day then the priests of that rectory may receive a maximum of \$100.00 per month for any additional food or meals.

If the priest purchases his own groceries and prepares his own meals then he is to be allotted a maximum of \$600.00 per month as a "food allowance". This allowance, like the car allowance, is to be paid through the standard payroll system. Even though this is an allowance it is not automatic. It is provided only if requested. Alternatively, he may choose to forego the monthly allotment for tax purposes or if the financial burden to his parish seems excessive. In this case he may submit receipts for reimbursement for food items not to exceed \$600 per month.

No individual priest or Parish Finance Council is authorized to make any other arrangements or supplemental payments.

Any amounts which a priest spends in excess of the authorized monthly allowance is not to be reimbursed.

**Housekeeping:**

Housekeeping services are provided by the parish but the priest is not to be paid extra if these services are not provided.

All materials necessary for the maintenance of the rectory (light bulbs, cleaning products, linens, laundry, paper products, bath material, cooking utensils, dinnerware, silverware etc.) are provided by the parish. If a priest pays for these things then he is to be reimbursed for these expenses. Receipts must be provided to receive reimbursement.

**Alcohol:**

The parish is responsible for beverages purchased for social gatherings in the rectory hosted by the pastor.

Any alcohol for personal consumption is the personal responsibility of the priest.

Moderation is encouraged and expected. The Parish is responsible for altar wine used at Sacred Liturgy.

**Personal Items:**

Items such as shaving cream, electric or straightedge shavers, aftershave, cologne, deodorant, toothpaste, non-prescription pharmacy items, aspirin, cold medications, diet supplements, vitamins, cigarettes, cigars, pet food, etc. are the personal responsibility of the priest.

**Dry Cleaning:**

The cleaning of liturgical vestments, including the alb of the priest, is the responsibility of the parish.

Dry cleaning of the personal clothing of the priest is his personal responsibility.

**Internet, Cable or Direct Television:**

The parish is responsible for providing internet access. The priest may use the parish email address but he is responsible for any personal expenses incurred.

The parish is responsible for providing cable or direct television but payment for additional entertainment products, such as Netflix, are the personal responsibility of the priest.

**Telephone:**

The parish is responsible for parish telephone expenses.

The priest is responsible for payment of any expenses associated with personal long distance or personal International telephone calls.

If the priest has a personal cellphone whose number is made public and available to the parish, then basic cellphone expenses are to be paid by the parish. If the number is not published the cell phone is presumed to be personal.

During regular business hours, priests are not to be unavailable for long periods of time. When priests are engaged in excessive personal phone calls, skype calls, or other activities throughout the day, they are not available for parish work and ministry. The use of technology for parochial and ministerial usage is encouraged, such as, phoning parishioners who cannot leave their homes or who have experienced the passing of a loved one.

Priests should model the behavior expected from lay employees as found in the Diocesan Employee Handbook: "Personal use of "handheld devices" during the workday interferes with employee productivity and is distracting to others. Employees should refrain from personal calls and emails, personal text messages, instant messages, Twitter, Instagram, Facebook and other electronic social media and means of electronic communications during work time. Employees should limit the use of "handheld devices" for personal use during working hours and ensure that friends and family members are aware of this policy."

**Journals, Books, Daily Newspaper:**

Each priest is encouraged to subscribe to or purchase professional or theological journals/books at his own expense. Any books purchased for the Sacred Liturgy are the responsibility of the parish. Pastors are to make certain that the parish owns all of the correct books needed for the Liturgy.

The local daily newspaper is to be provided by the parish.

**Vacation / Days Off:**

Each priest is entitled to a one month vacation each year (28 days) and one free day each week (24 hours).

## REMUNERATION FOR SUPPLY PRIESTS

1. The parish of the priest's assignment is responsible to pay for a "supply priest" up to the limit of the yearly one-month (28 days / 4 weekends) vacation.
2. Permission to be absent from the parish in any calendar year for more than the cumulative one-month (28 days / 4 weekends) vacation must be obtained in writing from the Diocesan Bishop.
3. Should a priest be absent from his parish assignment for a weekend to fulfill a Diocesan assignment the Diocese is responsible for paying for a "supply priest".
4. Should the priest be absent from his parish assignment for pastoral ministry other than diocesan (such as military reserve, retreats, etc.) the organization being served or the priest himself is responsible for all expenses related to a supply priest.
5. Should the priest be absent from his parish assignment for weekend(s), other than the yearly one-month (28 days / 4 weekends) vacation, for personal commitments (such as weddings, anniversaries, baptisms, pilgrimages, etc.) the priest is responsible for all expenses related to a supply priest.
6. Should two priests decide to "exchange" pulpits for a weekend there is no "supply" payment or mileage reimbursement.
7. Should a priest not be able to fulfill his ministerial duties due to illness the parish is responsible for the payment of the "supply priest".
8. The remuneration amount for a "supply priest" is (\$75.00) for each celebration of the Mass on Sunday or a Holy Day.
9. The remuneration amount for the "supply priest" is \$25.00 for Confessions and the celebration of a daily Mass. Remuneration for other events such as baptism, wedding, quinceanera, or funeral is to proceed according to Section 14 of the Parish Financial Management Handbook.
10. Any priest who receives the diocesan approved monthly salary and auto allowance is not eligible for the "supply priest" remuneration. Priests receiving a full Diocesan salary are entitled to receive only the mileage reimbursement when they substitute in another Parish. He is to be reimbursed for auto mileage expenses at the *Variable Cost Rate* which is published by the Diocese in the Spring of each year.
11. Since a **retired** priest of the Diocese does not receive a monthly car allowance, if he provides "Supply" in a parish, he is to be reimbursed for auto mileage expenses at the *Business Usage Rate* which is published by the Diocese in the Spring of each year.
12. When applicable, room and board are to be provide by the parish for the supply priest in accord with the policy for "food allowance".