



FINANCE DIRECTIVES and
FINANCE COUNCIL NORMS
For Parishes and Organizations in the
DIOCESE OF GALLUP
November 30, 2015
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We may seldom think of the Church as an organization with financial concerns. However, in order to realize our vision of partners “...committed to the continuing growth and renewal of the Catholic Church in the Diocese of Gallup” (cf. Diocese of Gallup Vision Statement), we must exercise good judgment, prudence, and practical management concerning our stewardship of Church resources.

Canon Law provides directives for the universal Church regarding financial responsibility and finance councils (See Appendix A). While these directives refer to “parishes”, they are applicable to all Public Juridic Persons (parishes, schools, etc.) within the Local Church of Gallup.

FINANCIAL DIRECTIVES

I. INTRODUCTION

As the Church accomplishes its spiritual mission through the material resources at its disposal, we must ensure that these resources are cared for in a practical manner. These directives are meant to help the pastor or parish administrator and the parish finance council better manage the parish financial resources. The directives are not intended to be exhaustive; recommendations will be made during a parish financial review that will be more appropriate and specific to the individual parish. The administrative Synodal Decrees of 1983 are still in effect unless they are specifically replaced by one of the following financial directives.

As well as safeguarding the material goods of the Church, compliance with these directives will help protect those people involved with the financial management of the parish from unfounded accusations and possible lawsuits. One of the principles underlying the directives is to make sure that one person does not have exclusive control over any aspect of parish finances. If this were the case, it would be difficult for that person to defend allegations of irresponsible financial management. In our modern world we must be careful that the goods freely given to the Church are properly accounted for. In fact, the Church should set an example of proper financial management and accountability.

The Church has consistently taught that every person has dignity and value by reason of their humanness. Establishing proper financial controls will preserve that dignity by protecting people from suspicion, removing temptation, avoiding both division in the community and the emotional drain financial problems may cause, and preventing damage to the community’s reputation.

We must keep in mind however, that we need to strike a balance between fulfilling the mission of the Church and aggressive financial management. Our administration should be based on the love of God and his people, not commerce; we are a people of faith, not finance.

II. GENERAL PROCEDURES

A. BANK ACCOUNTS

1. Parishes that have a large amount of money (over \$250,000.00 in account(s) in any one bank) should be aware that the federal insurance limitations pertain to the financial institution and not the account.

2. All parish bank accounts must use the Federal Employer Identification Number of the parish in order to help insure their tax-exempt status. The parish must not use the FEIN of the diocese.
3. In circumstances where a parish still uses a paper bank statement, such bank statements with the parish name and or FEIN number attached to it must be mailed to the parish office. In no circumstance can it be mailed to a private address.
4. Bank accounts must be maintained and reconciled promptly after receiving the mailed paper statements or retrieving the electronic bank statements to minimize clerical errors and to ensure the integrity of the financial records of the parish. The statement should be reconciled by someone other than the check signers and those controlling the checking account. All appropriate information must be entered in the check register (i.e. payee, amount, purpose, etc.).
5. More than one signer should be authorized for parish bank accounts. Accounts must be accessible for parish business but properly safeguarded from unauthorized use. The pastor must be a signor on ALL parish accounts. The number of bank accounts should be kept to a minimum.
6. Personal bank accounts must never be commingled with parish financial records. Parish funds shall not be used to pay the personal expenses of the pastor, administrator, or any other person.

B. INSURANCE

1. The parish must carry adequate insurance with Catholic Mutual Group to cover parish buildings and property. Buildings should be insured for replacement value unless there is sufficient reason for not doing so.
2. If the parish rents a hall or building, the parish must obtain a certificate of insurance from the renter for proof of liability insurance, and complete the appropriate Facility Usage or Adult Hold Harmless Agreement.
3. Individuals partaking in parish sponsored outings or field trips must sign the appropriate waivers, medical releases, etc.
4. Parish vehicles are to have liability insurance for no less than \$500,000.00.

C. ASSESSMENT

1. Parish assessment is calculated at ten percent (10%) of Sunday and Holy Day collections.

2. All parishes must send their assessment to the diocesan financial office on a **monthly** basis.

D. FINANCIAL STATEMENTS

1. The fiscal year for the parish will start on July 1 and end on the following June 30.
2. The annual financial statement required by the Diocese is due in the diocesan finance office no later than August 15.
3. An annual financial summary of receipts and expenditures must be made available for parishioners. A quarterly Income Statement with budget comparative figures will be published for parishioners.
4. Parish financial statements must conform to diocesan formats. **ALL** parish financial information (i.e. bank accounts, investment accounts, etc.) must be reflected on the statements. Every organization that operates within the parish (i.e. youth group, altar society, men's club, etc.) must submit their accounting information to the parish for inclusion in the parish financial statements.

E. ACCOUNTING RECORDS

1. A written or computer-generated set of financial records must be maintained by the parish (Canon 1284).
2. Bank account documentation and payroll records must be archived permanently. Other parish financial records are to be archived for a reasonable amount of time (See Appendix B).
3. Parish financial records should be readily accessible to the parish finance council.
4. All parishes are required to follow the appropriate state laws governing the exemption of the Church from state sales tax.
5. All Catholic schools in the diocese must maintain financial records separate from the parish.
6. The officially recommended software for parish accounting is the QuickBooks Non-Profit Edition by Intuit, Inc.
7. Parishes are required to use the Diocesan Standard Chart of Accounts.

III. INTERNAL CONTROLS

A. CASH MANAGEMENT

1. Collections must be properly safeguarded until the money can be counted.
2. The process for counting the collections must ensure the integrity of the collection money (i.e. use of pre-numbered counting sheets, rotation of counting teams, etc.)
3. The procedures for counting, recording, and depositing the collections must assure the protection of the people involved from allegations of theft.
4. ALL collection money must be deposited in the parish operating account (checks, bills and coins). Cash from the collections cannot be used for any reason. Checks from the collection cannot be cashed separately.
5. Special collections and diocesan collections must be collected and counted separately from the regular collections. A check should be written to the diocese within 30 days specifying the collection it is to be applied to.
6. Money received for Mass obligations should be deposited into parish bank accounts. A check for the Mass stipend(s) should be written to the priest for the amount of the stipend(s) but only after the mass obligation(s) has been satisfied. Canons 953-958 set forth the duties of priests for seeing the Mass obligations are fulfilled.

B. DONATIONS AND GIFTS

1. Records must be kept of parishioner's weekly contributions made by envelope. If requested by a parishioner for tax purposes, the parish must supply a statement listing their total envelope contributions for that calendar year.
2. Large donations must be acknowledged per government (IRS) regulations (See IRS Publication 526—Charitable Contributions for specific details). A written acknowledgement to the donor for single contributions over \$250.00 must include:
 - a. The amount of cash contributed.
 - b. A description (but not the value) of property contributed.
 - c. Any goods or services received as a result of the contribution.
 - d. A description and good faith estimate of the value of goods or services described in (c).
3. Money collected or donated for a specific purpose (i.e. building fund) must be restricted and used only for that purpose.
4. The Bishop's Norms for Canon 1262 (USCCB 2007) shall be used as additional guidelines for fundraising projects. (See Appendix C).
5. Donations and Gifts to the Diocese, a parish or a school

- a. You may accept outright gifts of cash and unencumbered publicly traded securities. Gifts of real or personal property other than cash and publicly traded securities or gifts in a form other than outright are subject to the review of the Bishop or Vicar General.
- b. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Bishop or Vicar General.
- c. *Tangible Personal Property.* Gifts of tangible personal property shall be examined in light of the following criteria:
 - i. Does the property fulfill the mission of the Church?
 - ii. Is the property marketable?
 - iii. Are there any undue restrictions on the use, display, or sale of the property?
 - iv. Are there any carrying costs or other liabilities for the property?
 - v. Is the property's value ascertainable?
 - vi. The Bishop or Vicar General shall make recommendations on the acceptance of tangible personal property gifts.
- d. *Closely Held Securities.* Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies or other ownership forms, may not be accepted without the review of the Bishop or Vicar General.
 - i. The Bishop or Vicar General shall review the facts and circumstances to determine the following:
 - a. Are there any restrictions on the security that would prevent the Church from converting the security to cash?
 - b. Is the security marketable?
 - c. Will the security generate an undesirable tax consequence for the Church?

- ii. If potential problems arise on the initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on the acceptance of the closely held stock. The Bishop or Vicar General and legal counsel, if applicable, shall make a recommendation on the acceptance of closely held securities. Every effort will be made to sell non-marketable securities as quickly as possible.
- e. *Real Estate.* Gifts of real estate may include developed property and undeveloped property. All gifts of real estate interests must be evaluated and inspected by an authorized representative of the Bishop or Vicar General prior to acceptance. Such inspection shall include an initial environmental review of the property to ensure that the property has no environmental liability or hazard. In the event that the initial inspection reveals a potential problem, the Church may retain a qualified inspection firm to conduct an environmental audit if the Bishop or Vicar General recommends further inspection. The cost of the environmental audit generally shall be at the sole expense of the donor. When appropriate, a title insurance binder shall be obtained by the Church prior to the acceptance of the real property gift. The cost of this title insurance binder generally shall be at the sole expense of the donor.
- i. Prior to acceptance of real property, the following information should be provided by the donor to the extent applicable:
 - a. A map showing the location of the property
 - b. A legal description of the property
 - c. Proof of marketable title and ownership
 - d. A registered land surveyor's survey of the property
 - e. A list of improvements
 - f. Copies of current leases and persons in possession, if any
 - g. A list of encumbrances, including deed restrictions or covenants, liens/lis pendens and current expenses, if any
 - h. A copy of current year's tax bill

- i. A notice of pending assessments
 - j. Proof of payment of taxes, assessments, and association fees, if any
 - k. A copy of title insurance policy or a recent title insurance commitment, including copies of all documents shown as exceptions to title on the report
 - l. A recent appraisal or other acceptable valuation, which will be attached to the donor's IRS Form 8283
 - m. A written statement from the donor identifying any known waste disposal sites or spills of hazardous waste material on the property, or a statement to the contrary
 - n. A written statement from the donor outlining the purposes of gift, including gift restrictions, if any
 - o. An Environmental Impact Study – Level 1 Environmental Impact Study and Audit and, if necessary, a Level 2 Study and Audit, with all costs to be borne solely by the donor
- ii. Prior to acceptance of the real property, the gift must be recommended by the Bishop or Vicar General and the Church's legal counsel. Criteria for acceptance of the property shall include satisfactory answers to the following questions:
 - a. Is the property useful for the purposes of the Church?
 - b. Is the property marketable?
 - c. Are there any restrictions, covenants, reservations, easements, or other limitations on use associated with the property?
 - d. Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, associated with the property?
 - e. Does the environmental audit reflect that the property has liability issues?
- iii. Real property must be placed in the name of "The Roman Catholic Church of the Diocese of Gallup" (in NM), or "The Bishop of the Roman Catholic Church of the Diocese of Gallup, New Mexico" (in

AZ). The parish cannot civilly own property because it is not separately incorporated.

- f. *Remainder Interests in Property.* The Church may accept a remainder interest in a personal residence, farm, ranch, vacation property or other real property subject to the provisions concerning real estate as noted above. Other typical requirements of this type of gift may include the following:
- i. the donor or other occupants may continue to occupy the real property for the duration of the stated life or lives;
 - ii. insurance by life tenant will be required;
 - iii. upon the death of the life tenant or life tenants, the Church may use or sell the property as it deems appropriate; and
 - iv. during the life tenancy, expenses, including maintenance, real estate taxes, liability insurance, and indebtedness, shall be paid by the donor or life tenant, as the case may be.
- g. *Life Insurance. Gift of Policy.* The Church must be named as both primary beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. A gift of a policy is valued at the interpolated terminal reserve value, or cash surrender value on the date of the transfer of ownership. If the donor contributes future premium payments, the Church will treat the amount of the additional premium as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Church may continue to pay the premiums, convert the policy to paid-up insurance or surrender the policy for its current cash value, as the Church deems appropriate.
- i. *Designation as Beneficiary of Policy.* Donors and supporters of the Church may name the Church as a primary beneficiary or a contingent beneficiary of life insurance policies. Such designations shall not be recorded as gifts to the Church until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a

future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

- h. *Retirement Plan Beneficiary Designations.* Donors and supporters of the Church may name the Church as a beneficiary of an individual retirement account, a 401(k) account, a 403(b) account or other retirement plan. Such designations will not be recorded as gifts to the Church until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- i. *Bequests.* Donors and supporters of the Church may make bequests to the Church under wills and trust instruments. Such bequests will not be recorded as gifts to the Church until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- j. *Securing appraisals and legal fees for gifts to the Church.* Generally, it will be the responsibility of the donor to secure an appraisal (where required), provide an environmental review (as appropriate) and retain independent legal counsel for all gifts made to the Church.
- k. *Acknowledgment.*
 - i. Valuation of gifts. The Church will acknowledge a gift on the date the gift is completed at the fair market value for federal gift tax purposes. The Church will sign IRS Form 8283 as the recipient of a charitable gift as is required for a gift having a value in excess of \$5,000.
 - ii. Responsibility for IRS Filings upon sale of gift items. The Church will file IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Church when the value of the gift is more than \$5,000. The Church must file this form within 125 days of the date of sale or disposition of the asset.

6. Gifts to Priests, Deacons and Employees

- a. The pro-active solicitation of gifts or gratuities by any cleric or lay employee constitutes a conflict of interest. Do not accept items that could influence or appear to influence Diocese business decisions in favor of any person or company. Meals, entertainment and gifts that are infrequent and of modest value are acceptable.
- c. If there is any doubt about the appropriateness or value of a gift either before or after the gift is received or distributed, employees are expected to be transparent about the situation and pro-actively contact the Vicar General or their priest/supervisor.

C. EXPENDITURES

1. The parish checkbook and all blank check stock must be safeguarded against unauthorized use.
2. All invoices must be paid by check. Checks should not be made payable to “Cash” unless reimbursing the petty cash fund. Petty cash may be used for miscellaneous purchases (refer to part VII. Petty Cash for proper procedures).
3. All checks must be made payable to a specific person/business. All checks must be documented by an invoice or appropriate paid receipt.
4. Reimbursable expenses paid to individuals must also have documentation such as a receipt, credit card statement, etc.
5. Files for paid invoices, receipts, and other financial information must be maintained and stored per diocesan record retention guidelines. (See Appendix B).
6. Any single expenditure, other than recurring monthly bills, that is greater than 10% of the annual Sunday collections must have written diocesan approval before the funds are committed. If the expenditure can be divided (i.e. made in several payments or completed in several phases) the total amount of the expenditure (s) must be used in determining whether diocesan approval is needed.
7. The parish may not negotiate a loan for any amount with any agency without prior written diocesan approval, nor can the parish loan money without diocesan approval.
8. When two or more parishes share the expenses of a priest, or other pastoral minister, one parish should be designated to pay the priest directly (i.e. salary, car allowance, meals, etc.) Through the parish finance councils, a determination will be made on how to reimburse the designated parish (i.e. a standard percentage of

expenses or a standard flat amount). Donations or Social Justice distributions to individuals, organizations, or businesses should be paid by check and the purpose documented.

D. PAYROLL

1. The proper government regulations must be followed regarding antidiscrimination laws, hiring practices, treatment of employees and wages paid by the parish.
2. Wages paid by the parish must be reported to all appropriate government agencies. This includes people working as independent contractors or employees. Diocesan priests are not exempt from this requirement and must be given a W-2 for income tax purposes. A “stipend” is still considered taxable wages. A diocesan priest is considered self-employed for FICA purposes and an employee for Federal and State Income Tax purposes. Refer to *Income Taxes for Priests Only* by Wayne Martin Lenell for specifics on IRS compliance for priests taxes.
3. Personnel files must be maintained for all employees. Files should include the appropriate federal and state withholding forms, federal immigration form, wage reporting information, and any other government mandated records.
4. All employee benefits and agreements must be in writing and made part of their personnel file. All benefits shall be defined by the *Diocese of Gallup Policy and Procedures Manual*.
5. Extension Society (or other grant) funds given to the parish and paid directly to an individual are considered wages paid by the parish (See III. D. 2.).
6. State laws regarding Worker’s Compensation must be followed.

IV. DIOCESAN PRIEST SALARY AND BENEFITS (May be amended by Presbyteral Council Minutes)

Domestic priests

A. Paid or provided by the parish:

1. A salary of \$798.56/month for service of 1-5 years and \$834.34/month for 5+ years is paid by the parish. (as of 1/1/15). With a 3% increase per year effective Jan. 1 of each year.
2. The pastor/administrator is forbidden to give himself a bonus of any kind (Christmas, Easter, etc.).
3. A car allowance of \$450.00/month, to cover car payment and depreciation.

4. A "Tax Offset" that takes into account the value of lodging plus salary and car allowance. This will be equal to the amount that the parish would normally pay as an employer. This will be 7.65% of the salary plus car allowance and 15.3 % of the value of housing.
5. All insurance for a priest's vehicle (only one per priest and minimum \$500,000 liability), registration, and license.
6. Ordinary maintenance, repairs, gas, and oil, for a priest's vehicle (one per priest) used in the service of the parish.
7. Reasonable cost of groceries and meals. This is not to exceed \$700.00 per month and must be supported with receipts. This includes groceries, and meals purchased dining out (restaurants).
8. Lodging and normal utilities including (but not limited) heating, electricity, telephone, and long distance phone charges if concerned with parish business, Cable TV (Basic service + \$20/mo.), Internet, and cell phone (up to \$75.00/month). These expenses are only reimbursed or paid directly with receipts (copies of monthly bills). If a priest lives in community with other priests, then the parish pays these expenses for the rectory, not the individual (with the exception of cell service).
9. A diocesan priest's retirement fund contribution of \$100.00/month (paid quarterly to the diocese). Contributions need to be made for all domestic priests currently serving in full time parish ministry, whether retired or not, who are not members of a religious congregation. Parishes that are covered by a priest from a religious congregation will not pay into the priests' retirement fund. If more than one priest is assigned to a parish, the parish will provide a full retirement fund contribution for each priest. If two or more parishes share a priest, the parishes will share the cost equally, or alternatively, as they deem appropriate.
10. The full amount of priest's health insurance (paid to the diocese). The deductible and co-pay (if any) for diocesan priests. The Diocese of Gallup will determine on a case-by-case basis, how to address the insurance needs for priests who belong to a Religious Order. The diocesan insurance broker (Burri and Co) should be consulted prior to paying medical bills directly.

B. The following expenses are the responsibility of the individual Priest:

1. Purchase of personal vehicle with his own funds.
2. Personal phone charges (landline)
3. Cell phone chargers over \$75.00/month.

4. Moving expenses between assignments.
5. Auto fuel and/or transportation costs for personal use. Vacation or personal travel expenses.
6. Clothing
7. Laundry/dry cleaning expenses.
8. Eye/Dental care exceeding diocesan limits or for non-essential care.
9. Personal hygiene products.

C. The Diocese is responsible for:

1. Normal eye care.
2. Normal dental care (up to \$3,000/year). (See Appendix D – A & B)
Major dental procedures must have preapproval. (See Appendix D – C)

D. The accountability of Mass stipends is the responsibilities of the priest. Such stipends are considered taxable income by the IRS. The priest may administer these from a personal bank account or through the parish. Mass offerings are limited to one offering per priest/day. The current recommendation for a Mass offering is \$10.00 keeping in mind the canons governing Offerings and Intentions (cc. 945 -958).

E. A priest who is substituting for a resident priest shall be paid according to the norms set by the Presbyteral Council.

1. The current rate is the total of the following:
 - i. \$40.00 per day for active priests, or \$60 per day for retired priests.
 - ii. All Mass stipends (only one per day) and donations given for sacraments celebrated.
 - iii. Mileage reimbursement at the current standard IRS rate.
2. Room and board is expected to be covered by the parish. If for any reason the parish cannot cover room and board, the priest is to be reimbursed for his expenses.
3. If the substitute priest's gas has already been paid for by his resident parish, arrangements should be made for reimbursement from the visiting parish to the parish of residence, not to the priest.

- F. Any visiting priests (from outside the Diocese) must have approval from the chancery before they are allowed to minister within the Diocese.
- G. Compensation for religious order priests, sisters, and brothers are made on an individual basis between the diocese or parish and province.
- H. Refer to *Income Taxes for Priests Only* by Wayne Martin Lenell for specifics on IRS compliance for priests taxes.
- I. If a priest is assigned to more than one position (pastor at two parishes, parish assignment and chancery assignment, etc.) he may still only collect one salary.
- J. The parish and pastor MAY NOT negotiate any of these benefits. The benefits are determined only by the Bishop after consultation.

International Priests

- A. Paid or provided by the parish:
 - 1. Diocesan International priests are subject to the same income tax requirements as US diocesan priests. International Religious Order priests are not subject to income tax if they have taken a vow of poverty. Checks must be made payable to the religious order.
 - 2. A salary of \$798.56/month for service of 1-5 years and \$834.34/month for 5+ years is paid by the parish (as of 1/1/15). With a 3% increase per year effective Jan. 1 of each year.
 - 3. The pastor/administrator is forbidden to give himself a bonus of any kind (Christmas, Easter, etc.).
 - 4. A car allowance of \$450.00/month, to cover car payment and depreciation.
 - 5. A "Tax Offset" that takes into account the value of lodging plus salary and car allowance. This will be equal to the amount that the parish would normally pay as an employer. This will be 7.65% of the salary plus car allowance and 15.3 % of the value of housing.
 - 6. All insurance for a priest's vehicle (only one per priest and minimum \$500,000 liability), registration, and license.
 - 7. Ordinary maintenance, repairs, gas, and oil, for a priest's vehicle (one per priest) while used in the service of the parish
 - 8. Reasonable cost of groceries and meals. This is not to exceed \$700.00 per month

and must be supported with receipts. This includes groceries, and meals purchased dinning out (restaurants).

9. Lodging and normal utilities including heating, electricity, telephone (land line), and long distance land line phone charges if concerned with parish business, Cable TV (Basic service + \$20/mo.), Internet, and cell phone (up to \$75.00/month). These expenses are only reimbursed or paid directly with receipts (copies of monthly bills). If a priest lives in community with other priests, then the parish pays these expenses for the rectory, not the individual (with the exception of cell service).
10. A diocesan priest's retirement fund contribution of \$100.00/month (paid to the diocese). Contributions need to be made for all international priests currently serving in full time parish ministry who are not members of a religious congregation. Parishes that are covered by a priest from a religious congregation will not pay into the priests' retirement fund. If more than one priest is assigned to a parish, the parish will provide a full retirement fund contribution for each priest. If two or more parishes share a priest, the parishes will share the cost equally, or alternatively, as they deem appropriate.
11. The full amount of priest's health insurance (paid to the diocese). The deductible and co-pay (if any) for priests. The diocesan insurance broker (Burri and Co) should be consulted prior to paying medical bills directly.

B. The following expenses are the responsibility of the individual priest:

1. Purchase of personal vehicle with his own funds.
2. Personal phone charges (landline).
3. Cell phone chargers over \$75.00/month.
4. Moving expenses between assignments.
5. Auto fuel and/or transportation costs for personal use.
6. Vacation or personal travel expenses.
7. Clothing
8. Laundry/dry cleaning expenses.
9. Eye/Dental care exceeding diocesan limits or for non-essential care.
10. Personal hygiene products.

C. The Diocese is responsible for:

1. Normal, routine eye care.
2. Normal, routine dental care (up to \$1,000/year). This does not include cosmetic procedures.

NOTE: The priest MUST call the diocese in advance of any procedures for written approval on the specific coverage for eye and dental care. If this is not done, the priest will be responsible for the total cost personally.

3. The cost of airfare for the initial trip from the priests' home diocese to the diocese of Gallup and the final return airfare at the end of his assignment.

D. The accountability of Mass Offerings is the responsibility of the priest. Such Offerings are considered taxable income by the IRS. The priest may administer these from a personal bank account or through the parish. Mass offerings are limited to one offering per priest/day. The current recommendation for a Mass offering is \$10.00 keeping in mind the canons governing Offerings and Intentions (cc. 945 -958).

E. Stole Fees are offerings for the administrations of sacraments (c. 848). A priest may not seek an amount over the amount approved by the Bishop. No one is to be deprived of the sacraments due to poverty. Current approved Stole Fees are as follows (as of 1999):

- Baptism: \$25 - \$50 (split 1/2 between the parish and the priest)
- Wedding: \$100 - \$200 (split 1/2 between the parish and priest)
- Convalidation: \$50 - \$75 (split 1/2 between parish and priest)
- Funeral: \$50 - \$100 (split 1/2 between parish and priest)
- Quincinera: \$75 - \$150 (split 1/2 between parish and priest)

F. A priest who is substituting for a resident priest shall be paid according to the norms set by the Bishop.

1. The current rate is the total of the following:
 - i. \$40.00 per day for active priests.
 - ii. All Mass stipends (only one per day) and donations given for sacraments celebrated.
 - iii. Mileage reimbursement at the current standard IRS rate.
2. Room and board is expected to be covered by the parish. If for any reason the parish cannot cover room and board, the priest is to be reimbursed for his expenses.
3. If the substitute priest's gas has already been paid for by his resident parish, arrangements should be made for reimbursement from the visiting parish to the parish of residence, not to the priest.

- G. Any visiting priests (from outside the Diocese) must have written approval from the chancery before they are allowed to minister within the Diocese.
- H. Compensation for religious order priests, sisters, and brothers are made on an individual basis between the diocese or parish and province.
- I. Refer to *Income Taxes for Priests Only* by Wayne Martin Lenell for specifics on IRS compliance for priests' taxes.
- J. If a priest is assigned to more than one position (pastor at two parishes, parish assignment and chancery assignment, etc.) he may still only collect one salary.
- K. The parish and pastor MAY NOT negotiate any of these benefits. The benefits are determined only by the Bishop after consultation.

V. DEACON BENEFITS

- A. Deacons should receive reimbursements for parish approved and/or required expenses during ministry from parish. Such expenses include but are not limited to mileage, books, retreats, conferences, vestments, continuing education expenses. Deacons are free to donate these reimbursements back to the parish if so desired.
- B. If only a deacon performs a sacrament (i.e. baptism), then deacon splits stole fee with parish. If deacon participates with priest (i.e. marriage with Mass), then priest and deacon split the minister's portion of the stole fee in an appropriate way depending on the function of each minister. If deacon is asked to minister outside his parish (i.e. SCAP for funeral), then he should receive the same stipend as a visiting priest would receive.
- C. Deacons should negotiate any salary individually with parish based on the extent of ministry.
- D. All stipends and stole fees are taxable income. Deacons need to be aware of and in compliance with IRS laws regarding ministry salaries. Deacons should use an accountable plan for reimbursements in order for the reimbursements to be nontaxable.
- E. Refer to *Income Taxes for Priests Only* by Wayne Martin Lenell for specifics on IRS compliance for deacon taxes.

VI. BUDGET

- A. An annual budget process must be established by each parish (c. 1284.3).
- B. The annual budget must be prepared under the supervision of the finance council and reviewed periodically comparing it with the parish financial statements.

- C. A copy of the approved current fiscal year budget will be submitted to the Diocesan Finance Office with the annual financial report. Note: the annual report will cover the previous fiscal year while the budget will cover the current fiscal year. The annual budget should be made available to parishioners upon request.
- D. Specific procedures for developing a budget are available from the diocesan finance office.

VII. PETTY CASH

- A. If a petty cash fund is appropriate for the parish, the fund must not exceed \$250.00.
- B. The fund must be maintained on an impress cash basis. This means that the cash receipts must always be available to support the disbursement of money from the fund. The receipts plus the money left in the fund should always equal the total amount authorized for the fund. See the diocesan “Petty Cash Instructions” for specific directions.

VIII. BINGO

- A. All appropriate state laws concerning the management of a bingo operation must be followed.
- B. The parish will submit to the diocese a separate copy of the annual parish bingo financial statement along with the parish annual financial report if the bingo operation is not an integral part of the parish financial statement.

IX. CONSTRUCTION

- A. The parish must have written approval from the Bishop before any major repairs or new construction is begun (see III.C.6). Decrees from the Second Synod of the Diocese of Gallup are still in effect unless otherwise changed in this document.
- B. The Bishops’ document Built of Living Stones (USCCB 2001) shall be used as additional guidelines for all major renovation and construction projects. Construction must be in accordance with all applicable building codes and ordinances.
- C. Before beginning construction or fundraising, the parish will submit plans and documentation to the Diocesan Building Committee for review and recommendation to the Bishop for approval. No fundraising or construction may begin without prior written consent from the Bishop.
- D. The parish must have 90% of the cost to complete the project in the bank before the construction phase of the project is begun. A parish building committee will be established to oversee any fund raising and construction details for the project. Written minutes will be kept for all building committee meetings. Monthly reports will be sent to the Diocesan

Building Committee during the planning, fundraising, and implementation phases of the project. Specific requirements may be different for each individual project. The parish must work with the diocese to establish these requirements during the initial planning phase of the project.

- E. All construction projects over \$10,000 or involving dangerous work (i.e. the use of scaffolding) must include the Catholic Mutual Addendum to Construction Contract and must be forwarded to the Diocesan Building Committee for review before signing.

X. LEASES / CONTRACTS

- A. Real estate cannot be leased without review by the Diocesan Building Committee, and written permission from the Bishop after he has reviewed the lease agreement.
- B. The lease documents must include a completed Catholic Mutual Addendum to Lease form.
- C. Formal written (oral agreements are not acceptable) legal leases must be used for long term rental (any rental of 1 month or longer) of any Real Estate within the Diocese. It is required that the lease be forwarded to the Diocesan Building Committee for review and authorization by the Committee and the Bishop. The lease should:
 - 1. Provide landlord's reversionary interest, which entitles the property owner (Diocese) to retake possession at the end of the term of the lease.
 - 2. Describe the property (i.e. give a street address).
 - 3. Indicate the length of the term, the amount of the rent, and how and when the rent is to be paid. Periodic tenancy (tenancy for a period determined by the frequency of rent payments; automatically renewed unless proper notice is given-usually one periods notice-if rent is month to month notice would be a month) is the recommended tenancy arrangement.
 - 4. A clause should be added that the property cannot be sublet. The administrator is not to knowingly take payment from a sub lessee; such payment is deemed an agreement to a sublease arrangement.
 - 5. Tenants must agree to carry renter's insurance, or the lease must disclaim any personal losses suffered by the tenants will not be covered under the Church's insurance policy.
- D. Administrators are to follow all civil laws regarding leasing of property. Including, but not limited to, laws regarding discrimination and tax laws.
- E. No contracts of any kind may be entered into without the written permission of the bishop, after has had the opportunity to review the contract.
- F. NOTE: If the contract includes any hold harmless / indemnity language or requires a certificate of insurance be provided by either party, Catholic Mutual is to be consulted to

ensure unfavorable language is not included that could jeopardize coverage. Documentary evidence of the Catholic Mutual consultation should be retained.

FINANCE COUNCIL NORMS

I. INTRODUCTION

“It (the kingdom of Heaven) will be as when a man who was going on a journey called in his servants and entrusted his possessions to them...” As this well-known parable indicates, faithful use of one’s gifts will lead to participation in the fullness of the kingdom, lazy inactivity to exclusion from it (Mt 24:14-30, footnotes New American Bible). Because of the complexity of the modern parish, the Church has seen fit to establish parish finance councils in order to aid the pastor in administering the goods of the Church in a wise and judicious manner. Principles of Christian stewardship based on solidarity and subsidiarity must guide the actions of the parish finance council. As with the parish pastoral council, openness, prayer, and discernment should prevail in council decisions. Only then will the council support the parish efforts to achieve its mission.

II. OPERATION

A. FUNCTION

1. It is mandatory that each parish have a finance council to advise the pastor in administration of parish goods (c. 537).
2. The parish finance council is meant to advise and support the pastor in his responsibility to administer the temporal goods of the Church.
3. The administrative management of the parish must strike a balance between good business sense and the pursuit of the mission of the parish.

B. RESPONSIBILITIES

1. The pastor is ultimately responsible and his final local authority in all parish financial and administrative matters.
2. Finance council members are ultimately responsible to the Bishop but are directly responsible to the pastor and the parish community.
3. The finance council must follow the laws governing the administration of ecclesiastical goods (canons 1281 through 1284, as well as specific directives from the Ordinary).
4. Minutes of all finance council meetings shall be taken in writing and archived as part of the permanent parish records.

5. The finance council is to arrive at decisions or recommendations by consensus. Consensus is the general agreement by members of the group on an opinion, issue, or proposal. The essence of consensus is coming to a common understanding of a position and agreeing to the validity of that position. Individuals may see their personal position as more valid but are open enough to see the merit in the group supported position. When a consensus decision is made, all members of the group must accept and support it. Consensus is not compromise. The group should not settle for a decision which is less than what is desired.

C. MEMBERSHIP

1. The pastor is not a member of the finance council but presides over it. He must be present at all finance council meetings.
2. Considerations for membership are:
 - a. Be a parish member
 - b. Have integrity.
 - c. Take initiative.
 - d. Have analytical ability.
 - e. Be Sensitive.
 - f. Have good decision making ability and planning skills.
 - g. Be spiritual.
3. Care should be taken to exclude persons who could have a conflict of interest. In keeping with diocesan-wide policy adopted by the Presbyteral Council, terms for the finance council shall be for no more than three years, with a maximum of two consecutive terms.

D. DUTIES

1. FINANCE COUNCIL (the group):
 - a. Assist the pastor in preparing the annual budget and monitoring this budget by reviewing financial statements on a regular (quarterly) basis.
 - b. Insure compliance with canon law, diocesan financial directives, and civil law.
 - c. Coordinate administrative activities, procedures, and schedules with the parish pastoral council so that the temporal and spiritual resources of the parish are used to achieve the same goals.
 - d. Review financial statements prior to submission to the diocese and parishioners.
 - e. Review the financial/administrative dimensions of all parish activity and make recommendations to the pastor.
 - f. Advise the pastor concerning long range parish financial planning.
 - g. Review and advise on any extraordinary expenditures. (See section III.C.6)

- h. Monitor the internal controls of the parish financial and administrative activities.
- 2. FINANCE COUNCIL MEMBERS (individually):
 - b. Attend all finance council meetings.
 - c. Be knowledgeable concerning the following:
 - 1. Canons pertaining to the temporal goods of the Church.
 - 2. Synodal decrees pertaining to the temporal goods of the Church.
 - 3. Diocesan Finance Council Norms.
 - 4. Diocesan Parish Finance Directives and Federal and State laws applicable to the temporal goods of the Church
 - d. Contribute financially to the parish as a good steward.
 - e. Be aware of the need for discretion and confidentiality in parish matters.

APPENDIX A

Canons

Canon 537 - Each parish is to have a finance council which is regulated by universal law as well as by the norms issued by the diocesan bishop; in the council, the Christian faithful, selected according to the same norms, aid the pastor in the administration of parish goods....

Canon 1276 - (1) It is the responsibility of the Ordinary to supervise carefully the administration of all the goods which belong to the public juridic person subject to him... (2) Ordinaries are to see to the organization of the entire administration of ecclesiastical goods by issuing special instructions within the limits of universal and particular law....

Canon 1281 - (1) With due regard for the prescriptions and their statutes, administrators invalidly posit acts which go beyond the limits and procedures of ordinary administration unless they first obtain written authority from the ordinary. (2) The acts which go beyond the limits and procedures of ordinary administration are to be defined in the statutes; if, however, the statutes do not mention such acts, it is within the competence of the diocesan bishop to determine such acts for persons subject to him after he has heard the finance council. (3) Unless and to the extent that it is to own advantage, a juridic person is not held to answer for acts invalidly posited by its administrators. A juridic person, however, is responsible for acts illegitimately but validly posited by its administrators with due regard for the right to sue or to have recourse against administrators who have damaged it.

Canon 1282 - All administrators are "... to fulfill their duties in the name of the Church and in accord with the norm of the law"

Canon 1283 - Before administrators take office: (1) They must take an oath before the ordinary or his delegate that they will be efficient and faithful administrators: (2) They are to prepare, sign and subsequently renew an accurate and detailed inventory of immovable goods, moveable goods, either precious or of significant cultural value, or other goods along with a description and appraisal of them: (3) One copy of this inventory is to be kept in the archives of the administration; the other, in curial archives; any change whatever which the patrimony may undergo is to be noted on each copy.

Canon 1284 - (1) All administrators are bound to fulfill their office with the diligence of a good householder. (2) For this reason they must: Take care that none of the goods entrusted to their care is in any way lost or damaged and take out insurance policies for this purpose, insofar as such is necessary.

- Take care that the ownership of ecclesiastical goods is safeguarded through civilly valid methods.
- Observe the prescriptions of both canon and civil law or those imposed by the founder, donor, or legitimate authority; they must especially be on guard lest the Church be harmed through the nonobservance of civil laws.
- Accurately collect the revenues and income of goods when they are legally due. Safeguard them once collected and apply them according to the intention of the founder or according to legitimate norms.

- Pay the interest on a loan or mortgage when it is due and take care that the capital debt itself is repaid on due time.
- With the consent of the Ordinary invest the money which is left over after expenses and which can be profitably allocated for the goals of the juridic person.
- Keep well-ordered books of receipts and expenditures.
- Draw up a report on their administration at the end of the year.
- Duly arrange and keep in suitable and safe archive the documents and deeds upon which are based the rights of the Church or the institution to its goods; deposit authentic copies of them in the archive of the curia when it can be done conveniently.

(3) It is strongly recommended that administrators prepare annual budgets of receipts and expenditures; however, it is left to particular law to issue regulations concerning such budgets and to determine more precisely how they are to be presented.

Canon 1286 - Administrators "... are to observe meticulously civil laws pertaining to labor and social policy according to the Church principles in the employment of workers."

Canon 1287 - (1) Both clerical and lay administrators... are bound by their office to furnish the local Ordinary with an annual report... (2) Administrators are to render an account to the faithful concerning goods offered by the faithful to the Church...

APPENDIX B RECORD RETENTION

| <u>FILES</u> | <u>RETENTION</u> |
|-----------------------------------------|-------------------------|
| Invoices | 7 years |
| Cash Flow Ledger | Permanently |
| General Ledger | Permanently |
| Bank Statements/Reconciliations | 7 years |
| Cancelled Checks- | |
| -For taxes, capital purchases | Permanently |
| Important contracts- | |
| -All other cancelled checks | 7 years |
| Check stub | Permanently |
| Check registers | Permanently |
| Petty Cash Documentation | 3 years |
| Contracts | Permanently |
| Building Insurance | Permanently |
| Department of Labor Reports | Permanently |
| Disability records | 6 years |
| Worker's comp records | Permanently |
| Financial Report Forms | Permanently |
| Inventory | Permanently |
| Former Employee Records | 3 years |
| Active Employee (W-2, W-4) | 7 years |
| Payroll records | 7 years |
| Tax Deposits | Permanently |
| General Correspondence | 7 years |
| Adult Hold Harmless/Indemnity Agreement | 2 years |

APPENDIX C

USCCB FUNDRAISING NORMS

Motivation

1. Fund-raising appeals are to be truthful and forthright, theologically sound, and should strive to motivate the faithful to a greater love of God and neighbor.
2. Fund-raising efforts are to be for defined needs.
3. The relationship of trust between donor and fund-raiser requires that
 - a. funds collected be used for their intended purposes;
 - b. funds collected are not absorbed by excessive fund-raising costs.
4. Donors are to be informed regarding the use of donated funds and assured that any restrictions on the use of the funds by the donor will be honored.

Competent Ecclesiastical Authority

5. Institutes of consecrated life and societies of apostolic life require approval of the respective competent major superiors and the diocesan bishop to solicit funds; diocesan entities require approval of the diocesan bishop to solicit funds; other Catholic entities and organizations require the approval of the diocesan bishop to solicit funds.
6. Approval for fund-raising by the competent authority is to be given in writing with reference to the purpose for which the funds are being raised, the time frame, and the methods to be used in raising them.
7. Oversight of fund-raising programs is to be maintained by competent authority through periodic review and, where necessary, appropriate sanction.
8. Competent major superiors of institutes of consecrated life and societies of apostolic life are to submit to the diocesan bishop of the place where the fund-raising originates periodic reports on the fund-raising programs and the apostolic activities they support.

Accountability

9. Fund-raisers are to provide regular reports to competent authority on the extent to which promises expressed or implied in the solicitation of funds have been fulfilled.
10. Fund-raising reports are to be prepared in scope and design to meet the particular concerns of those to whom the reports are due:
 - c. the governing body and membership of the fund-raising organization;
 - d. the competent authorities who approved and monitor the fund-raising effort;
 - e. the donors to the organization;
 - f. the beneficiaries of the funds raised.
11. Annual fund-raising reports are to provide both financial information and a review of the apostolic work for which the funds were raised. They are to set forth, at the least, the amount of money collected, the cost of conducting the fund-raising effort, and the amount and use of the funds disbursed.

Procedures

12. Funds beyond operating expenses are not to be accumulated or invested by a fundraising office, but are to be turned over to the appropriate office for allocation and investment.
13. Special care is to be taken to see that ethical business relationships are maintained by fund-raisers with suppliers of goods and services.
14. Contracts between a religious fund-raiser and commercial suppliers and consultants are to insure that control over materials, designs, money and general operations remain in the hands of the religious fund-raiser.
15. Agreements are not to be made which directly or indirectly base payment either to the commercial firm or to the religious fund-raiser on a percentage basis.

Oversight

16. Competent authority is to ensure that fund-raising organizations:
 - g. make available fund-raising reports to benefactors on a regular basis or upon reasonable request.
 - h. provide their governing bodies with an annual financial statement prepared in accordance with generally accepted accounting principles and, where size warrants, by a certified public accountant.
17. In response to formal complaints, competent authority is to promptly investigate charges, remedy abuses and, when necessary, terminate the fund-raising

APPENDIX D

Dental Care

A. PREVENTATIVE

1. Charges for cleaning and scaling teeth but no more often than two per calendar year.
2. Charges for fluoride application, but not more often than once per calendar year.
3. Charges for diagnostic services to determine necessary care, provided that:
 - a) Charges for routine full mouth x-rays are covered only once in a 3 year period.
 - b) Charges for bite-wing x-rays are covered only once in a 6 month period.
 - c) Charges for a diagnostic oral examination are covered only once in a 6 month period.
4. Charges for topical application of sealants.

B. BASIC

1. Charges for emergency treatment for relief of dental pain.
2. Charges for extraction on one or more teeth, cutting procedures in the mouth, and dislocations of the jaw, but not including additional charges for removal of stitches or post-operative examinations.
3. Charges for space maintainers and their fitting.
4. Charges for filling and other restorative services other than gold fillings and gold inlays and onlays.
5. Charges for medicines legally obtainable only upon written prescription by a dentist.
6. Charges for injectable antibiotics administered by a dentist.
7. Charges for laboratory examination and tests.

C. MAJOR – MUST HAVE PRE APPROVAL

1. Charges for gold fillings (including inlays and onlays) and crowns necessary to restore the structure of teeth broken down by decay or injury, except that:
 - a) The charge for a crown or gold filling will be limited to the charge for a silver, porcelain or other filling unless the tooth cannot be restored with such other material.
 - b) The charge for replacement of a crown or gold filling is covered only if the crown or filling is over 5 years old.
2. Charges for full or partial dentures, fixed bridges, or adding teeth to an existing denture, if required because of loss of natural teeth while covered under the company's plan(s) or to replace an existing prosthesis which is over 5 years old and cannot be made serviceable.
3. Charges for repair and rebasing of existing dentures, which have not been replaced by new dentures.
4. Charges for treatment of gums and supporting structure of the teeth.
5. Charges for root canals and other endodontic treatment.
6. Charges for general anesthetics and their administration in connection with oral surgery, periodontics or dislocations.
7. Charges for the installation and repair of dental implants.
8. Charges for specialized techniques involving precision attachments, personalization or characterization and additional charges for adjustments within 6 months from installation are not included as covered dental charges. Covered charges for both a temporary and a permanent prosthesis will be limited to the charge for the permanent one.