



ROMAN CATHOLIC
DIOCESE OF ROCHESTER

Fiscal Management of Parishes - Summary of Key Policies

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Date Issued: October 1, 2004
Last Revised: March 19, 2019

KEY POLICY STATEMENTS:

- All activity of the parish, school, and cemetery (further known as “parish corporation”) must be conducted and operated in accordance with local, state and federal laws or ordinances. In addition, all activity must also be in accordance with canon law and diocesan policies.

APPLIES TO: Diocese of Rochester and its Affiliated Employers (“DORAE”) which includes parishes, schools, and cemeteries.

DETAILS:

- All activity of the parish corporation shall follow civil and canon law, and norms and instructions issued by competent ecclesiastical authority.
- All activity of the parish corporation (normal operations, affiliated organizations e.g. Altar Rosary Society, fundraising and gaming activity, etc.) must be conducted under the IRS taxpayer ID number (“TIN” or “EIN”) of the parish corporation.
- All activity of the parish corporation (normal operations, affiliated organizations e.g. Altar Rosary Society, fundraising and gaming activity, etc.) must be reflected in the books and records of the parish corporation. All books and records should be maintained at the parish office.
- All activity and operations of the parish corporation must be consistent with the requirements of Internal Revenue Code 501(c)(3). Standard corporate books and records, including Finance Council minutes, must be maintained to substantiate compliance.
- Only assets of cash, investments and receivables will be reflected on the parish corporation books. Buildings and equipment are not recorded on the parish corporation books thereby eliminating the need to depreciate these assets.

- All parish corporations shall utilize the Diocesan standardized chart of accounts and follow accounting policies established by the Diocese.
- All parish corporations shall utilize a standard accounting software package identified by the Diocese.
- Parish corporation books will be kept using Modified Accrual Accounting. Revenue is recognized when it is earned, and expenses are recognized when incurred regardless of when the cash payment is actually made. The exception is school tuition, which is recognized on a cash basis (i.e. when the tuition payments are received).
- A consolidated balance sheet and income statement for the parish shall be prepared each month.
 - Separate fund codes are created for the parish, school and cemeteries, as needed.
 - A complete and accurate representation of the parish and school finances is required.
- An annual financial report shall be prepared and provided to parishioners.
- All parish corporations shall utilize ParishSoft as the database for parishioner information and contribution history.
- Conflicts of interest are to be avoided, if possible.
- Each parish corporation is to have a Finance Council per Canon 537 and Diocesan guidelines. Minutes should be kept and filed at the parish office.
- Safeguards established by Diocesan Information Technology are to be followed to ensure backup and security of electronic data.
- All invoices from the Diocese and Diocesan entities (e.g. *Catholic Courier*, etc.) are due and payable upon receipt and are to be paid promptly.
- Parish corporation records shall be retained in accordance with Diocesan guidelines.

Cash collections/processing:

- Collections shall be counted by rotating teams of at least three counters. The teams must rotate from one week to the next. All members of the team must be ages 18 or older. No related parties may participate on the same count team.
- Collections (and other cash operations) shall be safe-guarded using serial-numbered “tamper-evident” bags from the time of collection until the time the collection is counted and shall be locked in a secure location until the time of the count.
- Revenue Count Sheets must be used to reconcile and track 1) amount counted, 2) amount deposited in the bank, 3) amounts posted to parishioner donation records in ParishSoft.
- Records of contributions by parishioner are to be tracked and maintained. Detailed gift statements are to be prepared and distributed to all parishioners annually.
- Collection counters are required to review the Revenue Count Sheet, bank deposit slip, and bank confirmation receipt for the collections that were counted the previous week to verify that the amount counted was deposited in the bank. Any discrepancies are to be

reported to management immediately. To evidence their review, counters must sign and date the back of the bank confirmation receipt.

Bank accounts:

- The Pastor/Pastoral Administrator shall be a signatory on all accounts under the taxpayer ID of the corporation. Other staff members who don't prepare checks can be signatories (e.g. Pastoral Associate) or lay volunteer (e.g. Trustee).
- Bank statements for all accounts under the taxpayer ID of the corporation must be sent to the parish office. Copies can be distributed to affiliated organizations (e.g. Altar Rosary Society).
- The balances and activity of Mass Stipend bank account shall be recorded in the parish's general ledger and appear on the parish's balance sheet.
- Someone other than the person who prepares checks should open bank statements and review cancelled checks.
- Bank account statements shall be reconciled when received. Someone other than the person who prepares checks should review and sign the bank reconciliation (e.g. Pastor/Pastoral Administrator, Finance Council member, etc.)
- Photocopies of **front and back** of cancelled checks are required with the bank statement. Images of the **front and back** of the cancelled check on a CD or via online banking are also acceptable. Photocopies of only the front face of the cancelled check are unacceptable as are bank statements that solely list the check number and amount.
- The person who prepares checks shall not sign them.
- Use of signature stamps is unacceptable.
- Use of wire transfers and electronic banking for disbursements is unacceptable.

Disbursements:

- Proper backup must be supplied and maintained to support disbursements.
- Parish credit cards/accounts and sales and use tax exemption numbers shall not be used for personal purchases.
- Credit card use shall be controlled. Itemized transaction slips must be submitted and maintained to substantiate transactions and should be attached to the monthly credit card statement.
- Checks should not be written to "Cash".
- Petty Cash is not permitted.

Payroll:

- Personnel files must be established and maintained and include appropriate documentation (e.g. letter of hire, Form W-4, Form IT-2104, copies of benefit enrollment forms, I-9, etc.)

- Appropriate time-reporting systems shall be utilized for exempt and non-exempt staff and for tracking and reporting paid time off (sick time, vacation time, etc).
- Only those who are truly independent contractors shall be paid through accounts payable (Form 1099). The normal mode to pay all those who perform work for the parish is through payroll (W-2).
- Pastor/Pastoral Administrator (or designee) should review and sign timesheets and payroll register each pay period.
- Administration of benefits programs must be done in a uniform and non-discriminatory manner.
- Payroll shall be processed by a common vendor identified by the diocese.
- Lay staff regularly scheduled to work 20 hours or less per week must be a Rochester Business Alliance Employee (not on parish payroll). For teaching staff, please contact the Director of Human Resources. Any exceptions must be approved in writing by the Director of Human Resources.
- Candidates for employment that were previously employed by the "DORAE" must be approved in writing by the Director of Human Resources prior to extending an offer.

Loans:

- No loans/advances should be made to individuals from parish funds, including loans and payroll advances to employees.

Fundraising:

- All raffles, Bingo games, etc. shall be conducted in accordance with New York State's Gaming Commission laws and regulations.
- All events with food or alcohol service and wagering and gaming will follow all State and Local laws and regulations.
- All second collections and special campaigns require the approval of the Diocesan Bishop.

Schools:

- School financials must be an accurate representation of the true cost of running the school. This means costs for insurance, building expenses, and shared services, etc. must be on school Revenue and Expense Statement. Priests salary and benefits should never be expensed to a school. The required procedure is to write a monthly (or as needed) check to the school for Parish Subsidy. This allows for comparative financial statements across all schools. (See Booking School Subsidy & Other Expenses Procedure Link)
- Parishes that have a school should contribute up to 35% of their regular collections. Any greater amount should be reviewed with Diocesan offices.
- Monroe county parishes that never had a school or used to have a school are assessed a percentage of the parishes last three-year average collections (Chart of Accounts number range 3000-3099) to support the Monroe county DOR Catholic Schools. Parishes are sent

a notice mid-fiscal year alerting them to the amount they will need to budget for this expense for the following fiscal year. Parishes can choose to pay in one lump sum or over 12 months starting July 1 annually.

- School Subsidy paid by the parish:
 - Monroe county parishes that have a school financially support their school through the parishes annual collections. Some Monroe County schools may be eligible to receive a school subsidy from other parishes when their parish subsidy is more than 35% of regular collections and the school still cannot balance their budget. These schools historically serve our most impoverished families and administer the most financial aid. The school subsidy amount these schools receive will be determined by the CFO annually. The school must balance their annual budget based on the expected parish subsidy at 35% and the specified DOR subsidy.
 - Finger Lakes and Southern Tier parishes that have students attending one of our DOR Catholic Schools can be assessed a per student fee directly from the school. This per student fee supports the parishioner family who receives the school's parishioner tuition rate, where the school is funded solely by the parish who runs the school.
 - Finger Lakes and Southern Tier parishes that have no parishioner families with students attending a DOR Catholic school, are assessed .5% of the parishes previous year collections to support Finger Lakes and Southern Tier DOR Catholic schools. Parishes are sent a notice mid-fiscal year alerting them to the amount they will need to budget for this expense for the following fiscal year. Parishes can choose to pay in one lump sum or over 12 months starting July 1 annually.
- School building costs and utility costs should be expensed through the school financial statement either by actual invoice or through a rent and utility allocation calculation booked at least quarterly.
- Allocations of salary and benefits for shared accounting and maintenance staff should be booked to the school at least quarterly.