Diocese of Madison

Parish Administrative Manual

Revised May 2024

DECREE OF PROMULGATION

Protocol No: 024-2024
Re: PARISH ADMINISTRATIVE MANUAL

Bearing in mind the norm of canon 1276 of the Code of Canon Law, according to which the ordinary is to exercise careful vigilance over the administration of all the goods which belong to public juridic persons subject to him, including the ordering of the entire matter of the administration of ecclesiastical goods through the issuance of special instructions,

Desiring to provide guidance to pastors, parochial administrators, business managers, bookkeepers, members of parish boards of directors (i.e. directors or trustees), and members of parish finance councils in the fulfillment their canonical responsibilities as stewards of the Catholic Church and her temporal goods,

Wishing to promote a uniform method of administration and recordkeeping, and adoption of accounting principles and reporting throughout the Diocese of Madison, not only as a way of fostering sound stewardship but also as a means of ensuring a smooth transition when there is a change in pastor, business administrator or school principal,

Now, therefore, I, the undersigned Bishop of Madison, hereby promulgate this updated edition of the Diocese of Madison Parish Administration Manual as an instruction in accordance with the norms of canons 34 and 1276, coming into immediate force and binding for all those who are entrusted with an office or function entailing parochial administration or the cooperation therein, whether directly in parishes or in schools or other parochial apostolates,

And I order the publication of this instruction to all the aforementioned persons, whom I also charge with the duty of acquainting themselves with these policies and procedures and following them conscientiously in the discharge of their duties, and to whom I take this opportunity to express my sincere gratitude for their service as good stewards of the goods entrusted to the Church;

Furthermore, under the guidance of the Diocesan Finance Officer, this manual is to be updated periodically so that it remains current and useful, with the exception of any changes that are reserved by law to the Diocesan Bishop or another local ordinary or that by their nature require a new act of promulgation.

Given at Madison this ninth day of May, in the year of our Lord 2024.

+Donald J. Hying
Bishop of Madison

Timothy J. Cavanaugh
Chancellor

OFFICE OF THE BISHOP
Diocese of Madison • 702 S. High Point Road • Suite 225 • Madison, WI 53719
Phone: 608-821-3002 • Fax: 608-440-2809 • Email: officeofbishop@madisondiocese.org

Diocese of Madison

Using the Parish Administrative Manual Effectively

To address the continuous growth in regulations and respond to concerns of parishes, policies within the *Parish Administrative Manual* (*PAM*) are periodically updated. The newest updates will be posted on the Diocese of Madison website, under the Office of Finance, Parish Support. In the bottom right corner of the page you will see a "Revised (month) (year)" marker, indicating when the information in that section was last updated.

The PAM divides the various policies into a user codex. Policies pertinent to each user are then articulated in the Table of Contents without any overlap. By dividing the listed user roles at the parish level (meaning assigning a person the ownership of one or multiple user roles articulated in the Table of Contents, until all of the users have been assigned), the information within the PAM may be effectively managed and understood by the parish staff team as a whole, without any gaps in responsibility of the policies listed here-in. This helps to ensure that the parish is following the best practices understood to be most advantageous for the parish corporation. Items of **critical importance** are denoted using the following image .

Various appendices exist at the end of the document and are, again, broken out into the same user codex. These appendices serve as supplemental information, samples of documents, and pertinent forms for those various users. Some of these documents are also available independently on the website, under the Parish Support Page.

The Table of Contents is linked to each section within the document. Select the topic of interest by left clicking it to be brought to the page it is on. Strings of text highlighted in blue and underlined (this is an example) work as hyperlinks. Clicking these links will either open up a webpage for you or take you to another place within the document. You may press "Ctrl" + "f" at any time to search the document for a key word or phrase and jump to the section which contains the information you are after. Clicking any diocesan crest will bring you back to the Table of Contents. The Catholic Mutual Group logo will bring you to their website homepage.

If you have any additional questions or are unable to locate a topic to address your question, please contact the Director of Parish Administrative Services. If he or she is unavailable, please contact the Office of Finance via e-mail at helpmefinance@madisondiocese.org or by phone at (608) 821-3000, and someone will gladly assist you.

All other pertinent Diocesan contacts are located on the Contact Page.

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Diocese of Madison

Financial Responsibility of the Parish Pastor

The administration of the goods of the parish is to be carried out by the pastor under the vigilance of and in accord with instructions issued by the Bishop, who retains the right to intervene in case of negligence (Canon 1276; 1279§1).

A. Requirements of a Pastor

The Code of Canon Law (Canons 1284–1287) contains some general requirements for pastors on the administration of parish property, goods, and finances. These include:

1. Making certain that the parish is in compliance with all civil laws (c. 1284 §2, 3°).
2. Developing short-term and long-term financial budgets (c. 1284 §3).
3. Maintaining parish bank accounts and all investments (c. 1284 §2, 7°).
4. Maintaining adequate insurance for the protection of all Church properties (c. 1284 §2, 1°).
5. Archiving the documents and records on which the property rights of the Church are based, and depositing authentic copies of them in the archive of the diocese (c. 1284 §2, 9°).
6. Administering the lay personnel policies of the diocese (hiring, terminating, performance evaluations) (c. 1286).
7. Render an account to the faithful concerning the goods offered by the faithful to the Church. (provided yearly) (c. 1287 §2).

In addition, the pastor is expected to:

1. Oversee the implementation of all parish policies, procedures, and guidelines as defined by the Diocese of Madison.
2. Oversee the use of parish assets, properties, and buildings.
3. Implement financial controls and the monitoring of such controls.
4. Create and administer parish spending policies.
5. Hold the annual Parish Corporation meeting in January and additional meetings as necessary or appropriate, including one to review the findings of the annual Parish Financial Review.

6. Enlist the help of the Budget Sub-committee of the Finance Council in the preparation of parish and school budgets as well as the quarterly and annual financial reports to be issued to the parish.

Based on the Code of Canon Law (Canons 532, 537, 1285) & the Instruction *Ecclesia de Mysterio* Article 5 §2, below is the diocesan policy containing requirements for and best practices related to gifts to a pastor from parishioners, especially upon his departure from his office as pastor of the parish.

B. Gifts to the Pastor

It is not appropriate for a pastor to receive a sum of money from pre-existing parish general funds as a "gift" at any time, and especially on the occasion of his departure from his ecclesiastical office at the parish, even if the parish Finance Council would recommend such a transaction to the pastor, (recall that the parish Finance Council is merely consultative to the pastor) or if another parish corporate trustee or finance council member would inappropriately sign the parish check payable to the pastor. Such a sum, in addition to the normal compensation for priests as designated by the *Diocese of Madison Schedule of Salary and Benefits of Priests,* even if intended as a "gift" to the pastor and/or included on his annual W-2 form, is inappropriate. Such funds are the property of the parish, were donated with that intent for general parish operations, and were not given to the parish as direct and proximate private free will gifts from individual parishioners with immediate donative intent for a gift to a pastor.

The law states that the pastor is the administrator of parochial goods, and the sole juridic representative of the parish, and that neither the parish finance council nor the parish pastoral council or even the parishioners as a body, have any authority to make or enact decisions about parish finances. The parish finance council, a consultative body to the pastor, is therefore not competent to make the decision to give any parish money to the pastor. In such a case, in the last analysis, it would be the pastor himself (acting in his fiduciary role as representative and administrator of the parish) who would be giving himself (as a private person) a gift from the parish funds, which is completely inappropriate. In such a case, considered as a form of compensation, the gift would be illicit, since the pastor is already amply remunerated by the parish according to a schedule fixed at the diocesan level for all priests in the Diocese of Madison. Considered as a donation by the parish, the transaction would also be illicit, since it does not have a clear charitable or pious purpose, and at a minimum has the appearance of "self-dealing". Therefore, the pastor would be acting in a manner inconsistent with his fiduciary duties by making payment from parish general operating funds for his own benefit beyond the diocesan compensation schedule for priests. Thus, this practice is illicit and should not occur as a matter of policy, at parishes in the Diocese of Madison.

The following is an appropriate and "best practice" for gifts from parishioners to an outgoing pastor:

1. The parishioners **as a whole** remain free to take up a free will offering and solicit free will personal gifts, host a "goodbye reception", etc., with the explicit purpose of making a gift(s) from parishioners to an outgoing and beloved pastor.

2. Such free will offerings should be published in the parish bulletin both for adequate notice to all parishioners and also in the interest of full disclosure.
3. Any free will gifts from individual parishioners that are received by the parish, for a gift to the outgoing pastor, should be recorded and accounted for in the parish financial statements with proper external disclosure to the parishioners, such as the parish bulletin. Refer to Accounting – Parish Accounting – Standard Internal Controls, Section J. for proper acknowledgement of donations by a parishioner as a gift(s) to the pastor, which is non-deductible for tax purposes.
4. All standard internal control procedures for parish accounting apply to the collection of private free will gifts, the accounting for any related funds, and the gift payment to the outgoing pastor.
5. Lastly, the parish must comply with all civil and canon law related to such gifts. The natural law surrounding compliance with donor intent, as enshrined in canon law, must be strictly honored.

It is recommended, but not strictly required, that the outgoing pastor report to the Vicar Forane, the fact, nature, and amount of the gift. This protects the pastor in the long-run through a voluntary disclosure to legitimate ecclesiastical authority of such a gift(s). If the outgoing pastor is a Vicar Forane, he could likewise disclose the aforementioned gift(s) to the Bishop or Vicar General.

C. Parish Retirement Plans

As stipulated under Priest Compensation, priests of the Diocese of Madison are automatically enrolled in the St. Raphael Society Clergy Retirement (pension) Plan. Finally, some but not all parishes separately offer their lay employees a 403(b) plan – a U.S. tax-advantaged retirement savings plan available for non-profit employers (IRC 501(c)(3) organizations). From an employer standpoint, it is important to remember that priests of the Diocese of Madison already participate in the diocesan-sponsored St. Raphael Society Clergy Retirement (pension) Plan, and therefore may not also participate in such a parish-level retirement plan intended for lay employees, nor may priests receive any discretionary distributions from a parish in lieu of participating in or in the absence of a lay employee retirement plan at the parish.

Since each parish is already annually assessed and contributes an appropriate amount for priest retirement needs, on behalf of each of the priests of that parish, to the St. Raphael Clergy Retirement Fund, any other retirement-related payment at the parish level for a priest would be a self-dealing transaction by the parish priest and a form of "double-dipping" and is not permitted. This errant practice would be unjust to priests active at other parishes or entities (and to the priests retired from full-time active ministry) based on the equitable uniformity of priest compensation established and set year-by-year by the Diocese of Madison for the common good of the presbyterate. Thus, while priests are welcome and encouraged to make prudent decisions surrounding the individual investment of their own personal assets for retirement (i.e., individual IRA's), they are not permitted to separately participate in a parish-sponsored defined contribution plan, e.g. an employee 403(b) plan or a 401(k) defined

contribution plan, or receive any other payments directly from the parish for the priest's retirement purposes.

Any and all compensation or allowances paid by the parish and received by a diocesan priest or an extern priest serving in the Diocese of Madison must be done in accordance with written diocesan guidelines for priest compensation.

For additional guidance and support as it pertains to priest retirement plans, contact the Diocese of Madison Chief Financial Officer.

Diocese of Madison

Guidelines for Sacramental Recordkeeping

A. Registers in General

1. In accord with Canon Law, each parish must maintain registers of Baptisms, Marriages, and Deaths (c. 535 §1). In the Diocese of Madison, it is also customary for parishes to maintain a register of Confirmations.
2. Certain facts and events are always recorded or cross-referenced in the Baptismal Register, even if they are recorded in a separate, dedicated register.
3. Only parishes maintain sacramental registers. Other entities would need special explicit approval from the bishop to maintain official sacramental registers.
    a. When a priest serves as pastor of more than one parish, separate registers are to be maintained for each. For security and convenience, the registers may all be stored at one of the parishes (NB: the register pertains to the parish, not to the pastor or priest).
    b. When a parish closes or merges into a new parish, formal arrangements are made for the transfer and retention of the former parish's sacramental registers. A listing of the locations of sacramental registers of former parishes can be found in the Wisconsin Pastoral Handbook (at the end of the "Parishes" section) or by contacting the Diocesan Archives Office. "Linked" parishes retain their own individual parish status and thus their own individual sacramental registers.
4. Registers must always be retained in physical, book form. Computer duplications are allowed but cannot substitute for the official, physical register.
5. Registers may never be destroyed or discarded.
6. The pages of a register should be made of acid-free paper.
7. Registers must be stored in a safe place, usually one which is fire-resistant or fire-proof, and must only be accessed by authorized personnel.
8. The loss or destruction of any sacramental register must be reported to the Chancery office immediately.
9. Registers should never leave the parish premises, except in case of emergency or for scanning/microfilming.
10. The Chancery may periodically request access to registers so that they can be scanned for archival purposes.

B. Responsibility and Confidentiality

1. The pastor is ultimately responsible for the accurate inscription and careful preservation of sacramental registers.
2. The pastor may designate another person to carry out the task of inscribing and maintaining the register, either stably or on a temporary basis, but always under his supervision. The designated person must undergo proper training before carrying out this function.
3. Although sacramental registers are public in the sense that they officially record the public sacramental and ministerial acts of the Church, they are NOT public in the sense of being publicly accessible. Under no circumstances should access to any sacramental register be granted to anyone other than legitimate ecclesiastical authority.
4. Information collected in registers is confidential and may not be released to anyone not having a legitimate right to know (see below for specific instances).
5. Direct access to physical registers is limited to the pastor and his designate, or another legitimate ecclesiastical authority such as the diocesan bishop.
6. Physical registers should never be made available to genealogical researchers; information from registry entries over 100 years old can be released for genealogical purposes under the direct guidance of the Diocesan Archivist.
7. The person, the parents or guardian(s) of a minor, or the legitimate authority at another Catholic parish or diocese have the right to request a certificate.
8. Requests for certificates by a diocesan official or parish representative can be presumed legitimate and should normally be granted. In these instances, certificates are always sent directly to the parish or diocese without any need for a release from the individual.
9. When the request is not made by a church official, some proof of identity should be presented prior to issuing the certificate.
10. If a person is deceased, the previous spouse or an adult descendant also has right to request the record, if he or she can show a legitimate interest.
11. If the parents are divorced, either parent may request a certificate for their child.
12. Only the adoptive parents have the right to an adopted child's certificate, not the biological parents.
13. When a record is requested by a third party not included in the above-mentioned list, the request is denied.
    a. The reason for denial is that the information is only disclosed to people who have a legitimate right to know.
    b. Also, the pastor could be held liable for undue disclosure and we want to protect each person's privacy.
14. Requests for records should generally be submitted in writing, although telephone requests from a Catholic parish or entity are acceptable. No information from sacramental registers should be provided by telephone or email unless the identity of the person requesting the information has been established with certainty and the information can be disclosed securely.

C. Register Entries

1. Entries in all applicable registers should be made as soon as possible after the event.
2. Entries should be as complete as possible, with all required information being included for every entry.
3. It is commendable for pastors and other ministers of the sacraments to make the entry personally. In such cases, for the sake of legibility, it is helpful for the minister's name to be printed alongside his signature.
4. If the actual minister of a sacrament does not make the entry, the person who does so must either have personally witnessed the event or must have a document signed by the minister or other witness certifying the conferral of the sacrament. (In these cases the name of the minister is printed in the register in lieu of the register being signed by him.)
5. The proper parish for recording a sacrament or a death is (usually) determined by territory, even if the event occurred outside of the parish church building.
6. Entries should be made in chronological order; if this is impossible for reasons of space, an entry should be made elsewhere with a marginal cross-reference from the proper location.
7. **It is recommended to skip a line between every entry to leave room for future notations**; although this seems inefficient, it can avoid a great deal of confusion.
    a. If space is still inadequate for a register entry, use another line elsewhere but cross reference to it.
8. Index entries according to person's last name (print last name in uppercase).
9. Enter data in the correct column.
10. Entries to the register should only be made with neat printing (no cursive) and fade-proof and waterproof indelible ink.
11. Confidential data (i.e, data that must not be included on certificates) is to be marked as such when entered in the register in notations section (e.g., "confidential – do not include on certificate").

D. Modifying Entries

1. Once data is entered into a sacrament register, the data is considered official and permanent; it should never be modified except under special conditions.
2. Data is never scratched out, blacked out, erased, whited out or otherwise destroyed or obliterated.
3. The more significant the alteration, the greater the need for authentic supporting documentation. Such documentation will ordinarily consist of other civil or ecclesiastical certificates. When the error involves data that pertains directly to the celebration of a sacrament or the rite of Christian burial (i.e. date, identity of godparent), but there is no documentation to support the correction, written or oral testimony by a reputable witness will suffice, provided there is a clear reason to trust the testimony over the original written

record.

4. Once specific data has been changed in the register, the original data is not normally transcribed onto the certificates (i.e. the misspelled name, the biological parent's name after adoption).
5. Minor changes (i.e. misspellings) may be made directly to the original entry.
    a. Such entries are to be made by drawing a single straight line through the word, number, or letter to be changed and printing the change immediately above or below the entry, with a brief explanation of the alteration (e.g., "original was misspelled, correct spelling verified from birth certificate").
    b. Those persons authorized to request a certificate are also allowed to request a minor change due to error, provided they can conclusively demonstrate the need for the change, such as by presenting a birth certificate or other trustworthy record.
6. Major changes (e.g., recording an adoption after baptism) may require a new entry to be created.
    a. The original information should be reproduced (except the relevant change) with a cross-reference to the original entry.
    b. The words "Do Not Issue Certificate from This Record" should be printed carefully across the top of the original entry in such a way to ensure that the warning is immediately visible.
7. Extraordinary additions to the register may sometimes be necessary. When a baptismal or confirmation record is missing and it is certain that the sacrament was not recorded elsewhere, canon 876 may be applied, which allows an entry into the register book on the basis of the sworn affidavit of a witness or even of the person who received the sacrament as an adult.
    a. Only the data which can be vouched for with certainty should be added, even if entry is incomplete as a result; an affidavit form is available from the office of the Vicar General.
    b. The name of the witness, the date of his/her testimony, and the words "Based on the testimony of…" should be printed in the notations/remarks column of the register.

E. Baptismal Register

1. Baptism is always recorded in the register of the parish in whose territory the sacrament was conferred.
    a. Even when persons from several parishes are baptized or received into full communion at a single ceremony, the event should be recorded only at the parish where the actual rite was celebrated.
    b. In the case of an emergency baptism outside of a church, the one who administered the baptism should inform the local parish in writing so this may be included in its baptismal register.
        i. After the emergency has been resolved, a minister of the Church should celebrate the Rite of Bringing a Baptized Child to the Church and a notation should be made recording this event.
2. Although different parishes have different protocols, the complete information for the

baptismal register is typically taken from a single-page sacristy record, which is filled out in advance by the person in charge of preparing for the baptism and verified by parent, guardian, or adult candidate.
    a. Though not required, a birth certificate is ideal for collecting and verifying the information in the sacristy record.
    b. Parishes should have a clear procedure to transfer the information from the sacristy record to the baptismal register.

3. Except as indicated below, the baptismal register entry should include the name of the baptized person, the name of the minister of baptism, the names of the parents and godparents, the place and date of the conferral of baptism, the date and place of birth, the ecclesial ascription of the one baptized, and any necessary notations.

4. The baptism of a child of unmarried parents requires special care (follow canon 877).
    a. Marriage creates a presumption of paternity for any children born to the wife. Outside of marriage, paternity needs to be proven.
    b. It is unjust to place an unauthorized name of a parent in the baptismal register.
    c. If an unmarried father declares he is the father and the paternity is not contested by the mother, or if there is some other proof of paternity such as a civil finding of paternity, his name should be added to register.
    d. An unmarried father who voluntarily acknowledges his paternity should make this declaration in writing: signed, dated, witnessed by pastor, one other witness and sealed with parish seal.
    e. Note: keep proof of paternity in the "Sacramental records" file.
    f. Do not use the expression "Father unknown" in the register or any certificates.

5. Adoption: the baptism of adopted children also requires care, as does the subsequent adoption of an already baptized child.
    a. See the USCCB's very clear and explicit norm in Appendix A. Pastor – Additions to Sacramental Recordkeeping.
    b. Note that the record is different depending on whether the adoption is finalized before or after baptism.
    c. Except in danger of death or in cases of special urgency, if the adoption is in process, the baptism should be delayed until the final order of adoption and an amended birth certificate are issued.
    d. Note: Special care/confidentiality of registers should be obvious given the sensitivity of this type of information.
        i. Baptismal certificates should not reflect the fact of a person's adoption.
        ii. Due to the right of privacy as well as potential liability issues, no copy of final order for adoption and amended birth certificate are to be retained in parish sacramental records file.

6. Godparents
    a. This is not the place for a detailed explanation of the law regarding eligibility to serve as a godparent; any questions on this topic should be directed to the tribunal.
    b. There can be no more than two godparents at baptism; regardless of how many people might take part in the rite (licitly or not), no more than two names (one of each sex) can be recorded in the register.
    c. A godparent can be present in person or by proxy; if a proxy is used, indicate the

godparent's name in the register but write "present by proxy" over the name.

d. If a non-Catholic is invited to stand alongside a Catholic godparent as a Christian witness, (c. 874.2), "Christian witness" should be placed after the person's name.
e. The names of godparents should not be changed, even if parents feel the individuals are no longer suitable or if the individuals have died. Parents may certainly be counseled to consider asking someone else to undertake the *responsibilities* of a godparent; however, the new individual may not be entered into the permanent record or recorded on a certificate as those documents refer to an instance that has already occurred. The godparents at the moment of Baptism remain the godparents of record.

7. Ascription
    a. One of the canonical effects that occurs at baptism is ascription to a Church *sui iuris*, i.e., membership not just in the Catholic Church generically but in the Latin Catholic Church or in one of the Eastern Catholic Churches (e.g., the Ukrainian Catholic Church, the Maronite Church, or any of the other Eastern Churches in full communion with the Roman See, of which there are a total of 23 at the time of this writing).
    b. In accordance with the modification to the Code of Canon Law made by Pope Francis in 2017, the Church of ascription should always be recorded in the baptismal register, even (as in the vast majority of cases) for ascription to the Latin Church.
    c. In every case, at least a cursory inquiry should be made to determine the ascription of the person being baptized.
        i. Ascription is **not** determined by where the baptism takes place or who confers the sacrament; in other words, it is possible for a person to be baptized at a Latin Catholic parish by a Latin Catholic priest and still be ascribed to, e.g., the Syro-Malabar Catholic Church.
        ii. The law for determining the Church of ascription can be somewhat complex, but in most cases ascription follows one or the other of the parents; if one or both parents belong to an Eastern Catholic Church or an Eastern non-Catholic Church (e.g., Russian Orthodox, Assyrian Church of the East), or if the one to be baptized is of Middle Eastern or Eastern European heritage, contact the tribunal for clarification.
        iii. Similar requirements apply to Orthodox Christians who are received into full communion with the Catholic Church.

8. When catechumens are baptized and initiated into the Church, their baptism and confirmation should be recorded according to the normal procedure.
    a. The baptismal register entry for a married catechumen should include a notation about the marriage.

9. The reception of baptized non-Catholics into the Church requires special attention; even though the baptism was celebrated outside the Catholic Church in these cases, a record must be made in the baptismal register, recording the normal required data about the baptism:
    a. The data regarding the baptism itself is placed in the normal baptismal columns, including the information on ascription.

b. The data from Rite of Reception is placed in notations.
    i. The date, place of (Catholic or other valid) confirmation and reception into full communion in the Catholic Church.
    ii. If the person being baptized is already married, record the name, date, and place of the marriage.
c. Use special care to follow this procedure when bringing in young children.

10. Conditional baptism should be indicated as such in the notations.

11. After baptism, notations should be made in the baptismal register to reflect any changes in the canonical status of the one baptized: confirmation, marriage, ordination, perpetual profession in a religious institute, adoption, change of ascription, declaration of nullity, etc.
    a. Where applicable, these notations should include the relevant names, dates, places, and protocol numbers, as well as any information needed for locating the primary records (e.g., which church has the record of confirmation or marriage).
    b. These notations (or the lack thereof) should always be included on baptismal certificates, except adoption as described above.
    c. After the relevant notation has been made, the letter to the baptismal parish does not typically need to be retained.

12. Changes to Baptismal Register
    a. This register is the most commonly used, so the most commonly changed.
    b. See Section D. Modifying Entries for details.

F. Confirmation Register

1. Canon law requires that Confirmation be recorded in a register since confirmation affects the canonical status of the faithful and the exercise of their rights in the Church.
    a. However, as a matter of subsidiarity, the law allows a certain amount of flexibility with respect to *where* the confirmation is recorded, in light of the diversity from diocese to diocese regarding when, where, and by whom the sacrament is conferred.

2. In the diocese of Madison, each parish has (or should have) its own confirmation register.
    a. For confirmation that is conferred in one of the regional confirmation Masses in the diocese, the recording of Sacrament of Confirmation should be completed according to the following procedure.
        i. Confirmation is recorded in the register of the parish in which the confirmand underwent preparation for confirmation, even when the sacrament is actually received elsewhere, and even if the person's actual territorial parish is not the same place where he or she did confirmation prep.
        ii. The register should note the place where the confirmation was actually conferred.
        iii. The parish that records the confirmation should also notify the parish of baptism so that a notation can be made in the baptismal register.
            a) The Baptismal Register should note the place where confirmation was celebrated, but also the place where the confirmation was recorded, so that the physical confirmation record can always be located from the baptismal register.

iv. An example unrelated to any specific situation is provided for reference. Let's assume that a teenage candidate for the Sacrament of Confirmation was baptized shortly after birth at St. Francis Xavier Parish in Cross Plains and is now a member (along with his family) at Blessed Sacrament Parish. The candidate is in the Religious Education Program at Blessed Sacrament Parish and is preparing for the Sacrament of Confirmation through that parish. The candidate, along with his peers from Blessed Sacrament Parish, receives the Sacrament of Confirmation from the diocesan bishop at Our Lady Queen of Peace Church in Madison at a Regional Confirmation Mass along with candidates from several parishes. The Sacrament of Confirmation for this particular candidate would be recorded in the Confirmation Register at Blessed Sacrament Parish with the "place" in the confirmation register entry listed as "Our Lady Queen of Peace Church". In this example, Blessed Sacrament Parish would then send a notice of confirmation to the baptismal church of the candidate, i.e., St. Francis Xavier Parish in Cross Plains. St. Francis Xavier Parish would then record the confirmation in their baptismal register with the "Date and Place of Confirmation" listed as "MM/DD/YYYY Blessed Sacrament Parish, Madison (Regional Confirmation Mass at Our Lady Queen of Peace Church, Madison)".

v. Each parish should have a clear protocol to collect data: one person to collect it and communicate it accurately to the parish or parishes of the recipients for proper recording.

b. Confirmations that do not occur at a regional confirmation Mass (e.g., that occur at the Easter Vigil or on the occasion of the reception of a baptized non-Catholic) should be recorded according to similar principles according to the details of the specific case; any questions should be referred to the Chancery.

3. The date and place of baptism should be noted in confirmation register (this can be very helpful when the person is looking for a baptismal certificate later).

4. Notification to the church of baptism of the fact of confirmation should be made as soon as possible and should include name of the recipient, the date of baptism, the place and date of confirmation; the names of the minister, parents and sponsor are not required.
    a. A baptismal certificate of each confirmand should be received prior to confirmation.
    b. Note: when a person is previously baptized in another Christian denomination but for whatever exceptional reason is not immediately confirmed upon reception into the Catholic Church, the church of reception is notified of the eventual confirmation—not the non-Catholic church of baptism.

G. Marriage Register

1. Whenever a marriage is celebrated in canonical form, it is recorded in the marriage register of the parish in which the marriage was celebrated, even if it was celebrated at a non-parish Catholic church, a chapel, or another suitable place within the territory of the parish in accordance with canon 1118.
    a. Marriages celebrated with a dispensation from canonical form are recorded in the

proper parish of the Catholic party, even if the marriage takes place elsewhere.

2. The entry should be made by the pastor, even if he did not personally assist at the marriage.
3. The entry should contain the names of the spouses, the name of the assisting priest/deacon, the names of the two witnesses, and the place and date of the celebration, as well as any permissions, dispensations, or other similar notations.
    a. If the marriage is convalidated (in the strict sense), sanated, or declared invalid, this should also be noted in the annotations column, along with the appropriate protocol number.
        i. Retain a copy of the letter notifying the parish of the convalidation, sanation, or annulment in the marriage file.
    b. The canonical marriage of Catholics who originally attempted marriage outside of canonical form is also sometimes called a "convalidation"; in such cases, there will obviously be no original record to annotate, but a new record should be made with all of the normal information pertaining to the canonical marriage, as well as an annotation containing the details of the celebration of the original civil marriage.
4. Typically, the complete information for the marriage is taken from premarital file; the priest who assists at the marriage is responsible for relaying this information to the pastor.
5. Premarital files are distinct from the marriage register.
    a. Each parish is required to maintain a file of papers collected during the period of marriage preparation.
    b. This file includes: prenuptial forms, baptismal certificate (issued within last six months), prenuptial questionnaires, correspondence, notes, and dispensation documents. The minister's portion of the civil license is also retained in this file. The fact of delegation expressly given (orally or in writing) should also be noted in file.
        i. FOCCUS surveys should be destroyed after use in keeping with the survey instructions, and should not be kept in the marriage file; other surveys and similar instruments should be retained or destroyed in keeping with their respective instructions.
    c. The premarital file for each couple should be retained by the parish where the marriage is recorded in the marriage register, even if the marriage prep took place in another parish.
    d. The file for each couple should be kept in its own envelope or folder, clearly marked with the couple's names and date of the marriage. The files should be arranged in chronological order and kept together in a file cabinet or safe that may be locked.
    e. Retain marriage files permanently or at least until you know both parties have died. Expired files are to be destroyed, so no one may have access to them.
    f. A copy of the file may be transmitted if requested by an ecclesiastical tribunal, or to a civil authority if the chancellor has approved the surrender of the file. Note: The original file should be retained by the parish, unless otherwise advised.

H. Death Register

Death registers differ from other parochial registers in that they do not record the conferral of a sacrament (except for the case of a non-sacramental marriage). Nevertheless they remain an

important means of recordkeeping in the church and are required by the Code of Canon Law. They also differ from other parochial registers in that there is little in the Code of Canon Law or other canonical or liturgical norms that addresses how death registers are to be kept. Nevertheless, the principles below should be considered "best practices" for parishes within the Diocese of Madison, drawn from cc. 1176–1182 and read through the lens of parish experience.

1. Pastors are to record the deaths of all persons who are buried from the parish, even if the person in question is not a member of the parish.
2. If a parishioner dies but for whatever reason does not arrange to have a Catholic funeral or burial, the pastor should still make an effort to track and then record the death following the parishioner's burial, assuming that the relevant data can be reliably verified.
    a. Given that the recording takes place following burial, it is often the case that funeral directors will be of assistance in gathering information.
    b. Pastors should work to maintain active lines of communication with funeral directors in the area for many reasons, but in this case so that the pastor might be informed of the death of parishioners - even those whose families may not be requesting a Catholic funeral.
3. Likewise if a person's funeral and/or burial are/is not done from the parish of the deceased, the death should be communicated to the parish of the deceased. In this case the pastor of the parish from which the deceased is buried would still record the death in their own parish registry.
4. If a pastor becomes aware of a parishioner who was buried from another parish (e.g. a retiree who dies and is buried from their winter home in Florida) he may still determine to enter the death in his own parish registry after having verified all the relevant details—noting, of course the actual location of the funeral and burial.
5. When a body is cremated, no reference to the date or place of cremation is made. However, the fact of cremation should be noted as well as date and place of the interment of cremated remains. NB: This is not the place for a detailed explanation of Church teaching and discipline regarding cremation, but it should be noted that keeping cremains un-interred, dividing them among family members, placing them in mementos, or scattering them on a field, in the air, or in the water, etc. is not permitted.
6. No notice of death needs to be sent to place of baptism.

I. Certificates

1. A certificate is an official document attesting that a particular individual has received a sacrament. In most respects, it is an exact duplicate of data in the register, except in the case of adoption.
2. Except when the actual minister of the sacrament creates the certificate, the certificate derives its authority from the register itself—it is basically an attestation that on such-and-such a page of the parish register, such-and-such a fact is recorded.
3. A certificate's purpose is usually for internal church use.
4. Only a parish (or, in the case of a merger or closed parish, the canonically designated entity)

holding the original record may issue a certificate. The actual register should be used when producing certificates.

5. The person, the parents or guardians of minors, or the legitimate authority at another Catholic parish or diocese have the right to request a certificate (see Section B. Responsibility and Confidentiality).
6. Certificates should have an official appearance and should be issued in a consistent format. Parishes may obtain blank certificates from commercial vendors or may have them printed locally. All certificates must bear the name and address of the parish.
7. Certificates must be typed, printed by computer, or hand-printed neatly in ink.
8. They are to be signed by hand by the pastor or his delegate and impressed with the parish seal.
9. Certificates are to include all data contained in the sacramental register, except that which is marked confidential (i.e. adoption) or which is extraneous to a person's canonical status.
10. Data in the Notations/Remarks column is included on certificate**. If there is no data in the notations column, the words "No notations" should be printed on certificate.**

J. Additional Notes

1. Ordinations are recorded in a register kept at the diocesan level; however, a notation regarding ordination should be made in the baptismal register.
2. Registers of First Communions are not required by law, but neither are they prohibited, and many parishes keep them.
    a. Some parishes give notice of First Communion to the parish of baptism, but this is not required, since no notation regarding First Communion needs to be made in the Baptismal Register.
3. Registers of First Reconciliations are prohibited, since they are contrary to the secrecy of the confessional and may even constitute a violation of the seal of confession; where these registers are kept or have been kept, they should be destroyed following consultation with the Chancery.
4. At this time, there is no comprehensive central diocesan register available to assist people searching for sacramental records. However, as the process continues of scanning and electronically cataloging parish registers it may be possible for the Diocesan Archives Office to assist in such a search.
5. As public ecclesiastical documents, sacramental registers and certificates are considered to be worthy of full faith regarding the information to which they directly principally attest. If, in a given case, it is necessary to record information in a sacramental register even when it is not verified beyond a reasonable doubt, this uncertainty should be noted in the record itself. It should be understood that parish registers, while always aiming for exactitude and accuracy, cannot be treated always and everywhere as an infallible record.
6. Please see Appendix A. Pastor – Additions to Sacramental Record Keeping for the *Complementary Norms of the USCCB* as well as *Sample Baptismal Register Entries*.
7. If a situation should arise that is not covered above, or if you are uncertain with regard to

addressing a particular issue vis-à-vis sacramental recording, please call the Diocesan Archives Office for clarification.

Diocese of Madison

Priest Compensation

A. Taxable Income (Federal and Social Security)

The following are various types of income commonly found on priest's tax filing:

Salary and Supplements

All priests within the diocese have a base salary as promulgated by the Bishop of Madison. Any additional payments such as a Social Security Supplement, meal and car allowances and Mass Stipends are also taxable. A priest pays Federal income tax and Social Security tax on salary and salary supplements. **Diocesan Priests should receive an IRS Form W-2** from his residence parish reporting all taxable income, which includes salary, stipends, Social Security supplement, and the meal and car allowances (nonaccountable plan). (Exception to Form W-2 – Religious Society Priests – please Contact the Department of Parish Administrative Services for these exceptional cases).

Car and Meal Expenses: Accountable vs. Nonaccountable Plans

Priests can choose either an accountable or nonaccountable plan in regards to their meal and car reimbursements. A nonaccountable plan acts as an allowance to the priest whereas an accountable plan is based on actual expenses and requires submission of receipts. The biggest difference between these plans are the tax ramifications to the priest. Allowances (nonaccountable plan) such as car and food allowances represent additional salary and are taxable income to the recipient (priest) and should be included on Form W-2 (box 1). Expense reimbursements (accountable plan) would not be considered taxable to the priest but require careful tracking of receipts and maintaining of a mileage log.

Accountable Plan: If the priest elects an accountable reimbursement plan, amounts paid to priests under the plan are tax free to the priest. The parish does not include any payments to its priests on their W-2 Form- and when it comes tax time, the priest can still take the standard deduction to reduce his tax liability.

Per the IRS, to offer an accountable plan, the parish must comply with three standards:

i. The expenses must have a business connection
ii. The expenses must be substantiated (receipts and expense report) within a reasonable period; and

iii. The employee must return any money not spent to the parish, also within a reasonable period. This only applies if the parish is giving the allowance in advance of expenses incurred.

Substantiation Requirements for an Accountable Meal Plan:

- Original or copy of receipt stating date and location
- Date of reimbursement by parish
- Business purpose
- If it was a business meal, who was present or number of people served

Substantiation Requirements for an Accountable Car Plan:

- Date of the trip
- Purpose of the trip
- Starting and ending mileage for each trip
- Trip destination with address or specific location

Per the IRS, the parish is responsible for collecting proper documentation substantiating the priest's expenses for an accountable plan. Receipts and expense reports must be maintained and stored at the parish location. **If the priest elects an accountable plan but does not timely account for the expenses or return excess amounts, the parish must withhold employment tax no later than the first payroll period following the end of the reasonable period (generally 60 days).**

Nonaccountable Plan: If the priest elects an allowance for car and meals, the parish must include the allowance on the W-2 Form as taxable compensation (Box 1).

Mass Stipends (Mass offering by a parishioner or other for loss of loved one or special intention) and help-out fees

When a payment is received by a priest for saying a Mass, it is the result of a performance for service rendered. Therefore, Mass stipends are earnings, subject to Federal and Social Security tax and should be included on the priest's Form W-2.

Help-out fees are defined as an amount paid to a priest who is not assigned to a parish and/or celebrates Mass for a nearby parish. This includes hearing confessions, celebrating Mass, and any other service rendered in which a priest receives compensation (except for honoraria or stole fees – see below). Like Mass stipends, help-out fees and weekend assistance are earnings subject to Federal income tax and Social Security tax. Parishes are required to issue Form 1099-MISC to priests who are not assigned to the parish and are paid help-out fees and Mass stipends of $600 or more in total during a calendar year. If a priest does not receive Form 1099-MISC for help-out fees and Mass stipends, he is responsible for reporting those amounts on his personal income tax return. However, standard mileage rate reimbursements paid to visiting priests are not subject to Federal income or Social Security tax.

Honoraria (Stole) Fees (for services performed in his ministry: baptism, funeral, wedding, and speaking engagements)

When a priest receives fees for the above services, and the parish allows him to retain the fees, it represents earnings subject to Federal and Social Security tax. If these fees are retained by the parish, then there would be no reporting of income, because the priest does not have constructive receipt. If priests receive the stole fees directly, parishes will have no amounts to report. If priests remit the stole fees to the parish and receive a portion of the stole fees back, then parishes should report these earnings on IRS Form W-2, Box 1.

Professional Fees

Professional fees are those classified as income earned for services performed outside normally assigned duties. Professional income usually comes from particular training or outside education which a priest acquired through extended education. Priests usually have a regular salary from a parish; in addition, they may be called to provide expertise in another area, such as in canon law. Usually, income arising from this specific expertise is paid on an "outside contractor" basis in which an IRS Form 1099-MISC would be issued.

Non-Ministry Related Earnings

Non-ministry related earnings are those earnings, which are from non-ministry work. When a priest performs services for an organization other than the Church or its agencies, those services may be subject to the same tax rules as wages earned by lay employees. A common non-ministry related earnings example would be a priest working for a college. The college would pay him for his services as a teacher and his paycheck would have Federal, State, and Social Security (FICA) taxes withheld.

Value of Room and Board

The fact that a parish can "compensate" a priest by providing him with tax-free housing is a major benefit. It is a limited benefit to only two classes of taxpayers, those being ordained clergy and military personnel. Although the value of a priest's housing, including room and board, is supposed to be free from income tax(es), it is not free from Social Security taxes, unless the priest is exempt from the Social Security system. **Please note, all Diocese of Madison priests are required to be enrolled in the Social Security System, and therefore would be eligible for Medicare at the appropriate age.** Further, room and board, or portions of it, can be subject to income taxes under certain circumstances, if it is not properly documented and paid.

<u>Housing</u>

A minister's housing allowance, sometimes called a parsonage allowance or a rental allowance, is excludable from gross income for income tax purposes but not for self-employment tax purposes. If you are a minister and receive as part of your salary (for services as a minister) an amount officially designated as a rental allowance, you can exclude from gross income the lesser of the following amounts:

1. The amount actually used to provide or rent a home,

2. The fair market rental value of the home (including furnishings, utilities, garage, etc.),
3. The amount officially designated (in advance of payment) as a rental or housing allowance, or
4. An amount which represents reasonable pay for your services.

The payments must be used in the year received. If, instead of a housing allowance, your congregation furnishes housing in-kind as pay for your services as a minister, you may exclude the value of the housing from income for income tax purposes, but you must include the fair market rental value of the housing in net earnings from self-employment for self-employment tax purposes.

Board

The "board" (meals) portion is subject to specific qualifications for the IRS to consider it a tax-free benefit. There are three main requirements for tax-free status of "board":

1. The meals must be consumed on the premises of the parish
    a. "Meals" mean "meals," not groceries and not a cash food allowance.
    b. "On the premises of the parish," simply means a rectory (or equivalent), not a private residence.
2. The meals are for the convenience of the parish
    a. This means there must be a bona-fide business reason for the priest to dine at the rectory.
    b. If the reason is that he is on call, then he should establish he answers such calls and that he can reasonably expect to respond to future calls.
3. The meals are required as part of the priest's working conditions
    a. This means that the priest has no choice in residence location. He must reside at the designated rectory as part of his assignment.

If the priest fails any of the three tests above, the "board" represents taxable earnings to the priest – both for Federal and Social Security tax purposes.

B. Taxable Income (Federal, not Social Security)

Pension Benefits

1. Diocesan benefits
    a. Pension benefits are not "earnings," according to IRS definition. Therefore, a priest does not pay Social Security tax on pension benefits. Pension benefits constitute "income" though and are subject to Federal income tax.

2. Social Security
    a. Social Security benefits are also not earnings, and therefore a priest does not pay Social Security tax on them. Social Security benefits may be taxed, though, in two other ways:

b. Higher income priests who earn over $25,000 (including one-half of Social Security benefits) begin to pay Federal income tax on Social Security benefits.
c. Priests working and collecting Social Security benefits -- Priests who collect Social Security benefits should be aware that there are limits to the amount they can earn without losing some of their benefits. Earnings, for purposes of this limitation, are income subject to Social Security tax. Please contact your tax advisor if there are questions.

Investment and passive income (Interest and Dividend Income)

Investment and passive income do not constitute "earnings" and are, therefore, not subject to Social Security tax but do constitute income subject to Federal income tax. Not all investment and passive income is subject to income tax, due to a variety of special tax rules. Again, please contact your tax advisor for details.

C. Tax-Free Income

Gifts

Gifts are tax free; however, there is much to debate on what is considered a gift. "Donative intent" is the key in determining whether a payment is classified as a tax-free gift or as taxable. Tax-free gifts are motivated by "love and affection," without regard to past, present, or future services rendered.

Gifts, then, include: birthday, anniversary, going-away, and get-well-soon presents. A gift is not tax-deductible by the giver. Gifts paid from the parish funds to the priest are taxable to the priest and should be included as taxable income on IRS Form W-2.

Taxable compensation is motivated by the performance of a service. It doesn't matter if a priest does not specify or request an amount and "leaves it up to the donor." If the gift is a result of the service performed, it is classified by the IRS as taxable service rendered. Mass stipends are considered compensation for services rendered by the priest and are taxable.

Reimbursements (with proper documentation)

If a parish reimburses a priest "after-the-fact," the priest incurs the expense and requests payment from the parish. In this case, the parish must deal with two rules. For the reimbursement to be tax-free:

1. There must be a (business) ministry connection and
2. There must be proper substantiation

If a priest incurs an expense which is for the direct benefit of the parish (business connection) and can prove it with a receipt (substantiation), the reimbursement qualifies as a tax-free reimbursement.

Sometimes the reimbursement occurs “in advance” of the expense. For reimbursements made in advance, the parish needs to deal with two more rules in addition to the two aforementioned. For the reimbursement to be tax-free:

1. Excess amounts must be returned to the parish, and
2. It must occur within a reasonable period of time

If a parish gives a priest an advance, the priest must return any amounts not spent, reporting the amounts within 60 days, and returning any unused amounts within 120 days. Failure to comply with the returning of excess amounts will result in taxable earnings to the priest, subject to Federal income tax.

Diocese of Madison

Priests as Dual Status: Employee and Independent Contractor

A. Priests file their tax returns based on IRS Form W-2 as *employees*

This means that priests are permitted to report their business expenses on Schedule 2106 (or the simpler Schedule 2106-EZ) and then transfer those expenses to Schedule A (sometimes referred to as the "long form" or as "itemized deductions"). Most priests do not qualify for use of Schedule A because the IRS allows all taxpayers a standard deduction in lieu of itemized deductions. The standard deduction amount is adjusted for inflation each year and encompasses tax deductions not common to priests (e.g., real estate taxes and mortgage interest).

B. Priests are exempt from payroll withholding

Congress has specifically exempted clergy from the provisions of income tax withholding, **but priests are not exempt from filing quarterly tax estimates**. In general, if a taxpayer owes more than $1,000 in taxes for the year, that taxpayer must make quarterly estimated tax payments at specified times during the year, or assessment of interest and penalties may result. Priests can have federal and state income taxes withheld (not social security) by the parish, eliminating the need to file quarterly estimates with the government. The parish needs to be informed of the amount of taxes to withhold, by completing IRS Form W-4, indicating how much income tax he would like to have withheld. Taxes withheld would be paid to the government by the parish and would be reported on IRS Form W-2. This form of payment of tax is optional to the priest. It should be noted that, although Social Security and Medicare Tax cannot be withheld, the amount of income tax withheld can be increased to cover the taxes to be paid with the annual IRS Form 1040 tax return.

C. Priests who receive IRS Form W-2 to report earnings have an option to request payroll tax withholding

Withholding taxes on payroll would relieve a priest from making estimated quarterly payments. This is an advantage to remember by using IRS Form W-2.

All taxable compensation, paid by the parish to the priests and deacons employed by the parish, should be reported on IRS Form W-2. Boxes for Social Security and Medicare should be blank. Income taxes, if withheld, should be reported in the appropriate boxes. As a cautionary note, it is not usually sufficient to use the standard withholding tables as a priest needs to account

for additional Federal income tax withheld because they are classified as self-employed for Social Security tax purposes. Therefore, priests need to request additional Federal income tax withholding to offset their Social Security tax liability.

This is also true for Wisconsin withholding. The priest may owe underpayment interest if the amount of Wisconsin income tax withheld from his wages was less than his tax liability or if he had income that was not subject to withholding and he did not make timely estimated payments. In general, in each quarter of the year, he should be paying enough tax through withholding payments and quarterly estimated tax payments to cover the taxes he expects to owe for the tax year.

D. Priests are considered self-employed for Social Security and Medicare tax purposes and employees for income tax purposes

This means that Social Security and Medicare taxes are not withheld from their paychecks and no employer portion of these taxes is paid. This is true for all ordained clergy including permanent deacons**.** Even though for Social Security tax and Medicare tax purposes a priest is considered a self-employed individual in performing his ministerial services, he may be considered an employee for income tax or retirement plan purposes. For income tax or retirement plan purposes, some of his income may be considered self-employment income and other income may be considered wages.

Self-employed status means the parish will not withhold and match Social Security and Medicare tax as it does for a lay employee. The priest must pay the equivalent of both sides of the Social Security and Medicare tax himself. The total amount of Social Security tax paid to the government is approximately the same whether an individual pays as an employee or as self-employed. To achieve this, the Diocese pays their priests a Social Security supplement in addition to their regular salary.

The Diocese of Madison has implemented an accountable business expense reimbursement plan; consequently, most of a priest's ministry-related expenses may avoid the negative tax consequences associated with the IRS Form W-2 status. In summary, if a diocesan entity reimburses a priest for ministry-related expenses, those reimbursements are tax-free. This has the effect of converting otherwise nondeductible expenses to tax-free reimbursements.

Diocese of Madison

Construction and Real Estate Policies

The building, renovation, or acquisition of any facility is a major undertaking for a diocesan parish entity. It has long range effects not only on the life of the organization, but also on the diocese as a whole.

Canon law requires the diocesan bishop to carefully supervise the administration of all goods which belong to the diocese and all public juridical persons, including parishes, entrusted to his authority and to regulate the administration of ecclesiastical goods through the issuance of special instruction (CIC, c. 1276§ 1 & 2). The policies and procedures that follow have been established to assist each diocesan entity (parish, school, etc.) in the process of renovating existing facilities or building new construction within their property. In general, diocesan oversight of projects increases with cost and complexity.

When is the bishop's permission needed?

Simple projects – technically, acts of Ordinary Administration – are within the pastor's purview to execute without permission of the Diocesan Bishop. A simple project is any project that:

1. costs less than $40,000; AND
2. **does not** impact or create liturgical space, the exterior of any building, or a building on any historical register.

Examples of acts of Ordinary Administration include:

- the routine payment of current bills,
- the replacement of machinery or equipment,
- the collection of ordinary income and tuition,
- the acceptance of routine donations or gifts,
- the purchase of items required for the routine operations of a parish or school,
- the investing of free capital, and
- the short term lease or rental of property for a time period of less than one year.

Obtaining permission for a construction or real estate project

Any project that will cost more than $40,000, any complex project, any project impacting or creating liturgical space, the exterior of a building, or a building on any historical register requires written permission from the Diocesan Bishop or his delegate.

Permission may be requested by filling out *Construction Project Application (Stage 1)*, at madisondiocese.org/construction. The Office of Building, Construction, and Real Estate will respond within three business days with an email that includes a project ID number to be used in all future correspondence, the assigned approval process, and next steps.

There are three levels of approval, corresponding to different project sizes and scopes. The following are guidelines used by the Office's director in determining the approval process but each project is different and will be treated accordingly.

Approval Process	Project cost range	Limitations
Administrative	$40,000 up to $100,000.	Does not impact or create liturgical space, historical building, or Life Safety elements. Does not involve zoning-related matters. Does not require fundraising or a loan.
Diocesan Building Commission	$100,000 or more	

Administrative Approval

For modest projects with few complexities, the Office of Building, Construction, and Real Estate will ask you to complete a relatively short *Construction Project Application (Stage 2)*. At this stage, you will be asked to submit information about zoning, construction documents, a detailed budget, a description of the financing, and minutes from the pastoral or finance council meeting that approved the project and, for larger projects that still fall within this range, a description of the financing. After further review and resolution of possibly questions, the Office will forward written approval to you or, at its discretion, direct that the project be submitted for Diocesan Building Commission Approval.

Diocesan Building Commission Approval

For the largest projects, and for those that deal with liturgical space, buildings on any historical register, or projects with other complications, the Office of Building, Construction, and Real

Estate will ask you to complete a comprehensive *Construction Project Application (Stage 2)*. At this stage, you will be asked to submit information about zoning, design documents, a detailed budget and schedule, a description of the financing including any debt or fundraising that may be required, and minutes from the pastoral or finance council meeting that approved the project. In most cases, the process will include presenting to the Diocesan Building Commission in person to report on the planning, design, fundraising, or construction aspects of the project.

Final Report

For all projects, parishes and other diocesan entities file a final report for diocesan record-keeping. The final report includes:

- All design and Construction Documents to an identified scale in PDF format.
- All Construction Documents to an identified scale in DWG format (AutoCAD 2013 or newer).
- All project communications. If a professional engineer or architect seal is required as a part of the project, provide a scanned PDF copy of the permit application Construction Documents.
- Recommendation from pastoral council or finance committee.
- Detailed actual project cost.

Project Management Terms

Several technical terms from the world of construction project management are used in the process of collecting information ahead of approval by the diocesan building commission. These include:

Master Plan - A Master Plan is an all-inclusive, long-term look at the direction of the parish in general, and more specifically how this major project fits in with that long term plan. The Master Plan is the responsibility of the pastor and parish council, often with input from parishioners, and almost always with the help of an architect-led team to provide professional facilities assessment and planning documents. A Master Plan provides a solid reference point for all discussions related to the proposed project, and helps with continuity in case of changes of pastor, demographic trend changes, and future major projects. Master Plans typically have a general section and a project section. The general section defines the overall elements of the parish, including the stakeholders, the vision, demographic trends including offertory and school enrollment, and an assessment of the facility and all programs. The project section discusses your proposed major project in specific context. To get started, interview two or three architectural firms to understand how they might work with the parish members who are involved with master planning. The Diocese of Madison can help by giving you names of firms that have recently

completed successful Master Planning processes with other parishes. In an ideal case, a parish would have a Master Plan and would keep it updated every ten years. The diocese understands that the resources and location of a parish will affect its Master Planning process in terms of frequency and comprehensiveness.

Facilities Assessment – A Master Plan typically include a facilities assessment. A facilities assessment may be compared to the inspection conducted when buying a house. The condition of all structures, systems, and equipment is evaluated and recorded in a facilities assessment.

Roof, bell, and stained glass inspection reports – These specialized aspects of facilities assessment may require a separate professional with relevant expertise.

Concept Plan - Once a parish understands 'where it is' by compiling a Master Plan, it is time to start understanding how the project that is directly before the parish community could be addressed. This is done with the architect and engineers coming up with concept drawings that give some structure to the possible solution paths. These are often nothing more than 'conceptual drawings' that show what is possible. They generally try to address the 'big' constraints of the relevant issues in a definitive way. Ideally, there would be a number of concepts to give the parish something to discuss and to weigh the options. Often, however, it is enough to get a single concept that addresses all of the physical or operational constraints and yet is reasonable in cost.

Preliminary site or building plan – Once a concept has been chosen to accomplish the vision set forth in the master plan, the next step is a more detailed plan of how the concept will be executed. Site plans are for landscaping and larger land use projects, including acquisition of new land and proposed improvements of existing land. Building plans or architectural plans are for building projects, and can contain architectural drawings, specifications of the design, calculations, time planning of the building process, and other documentation.

Estimated Project Schedule – This should incorporate fundraising targets (if any) as well as the timing of payments to the contractor.

Recommendation from Parish Pastoral Council or Finance Council – Sound pastoral practice includes parishioners in major decisions about the direction of the parish. The recommendation is not binding, but for major projects, it should be shared with the diocese in writing.

Project Cost Estimate – Costs should be itemized, and any donated goods or services clearly spelled out.

Appendix: Basis in Canon Law (cf. Can 1254 – 1310)[1]

Once temporal goods have been legitimately acquired by a diocese, a parish, or some other public juridic person in the Church and have so become "church property" (*bona ecclesiastica*) in the strict canonical sense of the term, they must be administered. "Administration" comprises the whole range of activities required to preserve, maintain, repair, and improve a juridic person's property and to put it to productive use in service to the purposes proper to the Church.

Administration of church property is carried out by the physical persons entrusted with this responsibility by the law or by the statutes of the juridic person or, when both of these are silent, by designation from the ecclesiastical authority with oversight of the juridic person. For parishes, it is the pastor or parochial administrator.

Just as through governance persons are kept safe and sound and guided to their proper end, so too through administration things already acquired are conserved and applied to their proper ends. As canon 1279, §1 explains, "the administration of ecclesiastical goods pertains to the one who immediately governs (*regit*) the [juridic] person to which the goods belong." Accordingly, pastors have certain authority over the temporal goods of the Church entrusted to their care by virtue of office or designation.

A. Ordinary Administration

The pastor, as the administrator of the temporal goods of the parish, is competent to perform ordinary acts of administration without the need for special permissions or faculties, that is, it is not necessary to communicate with the Diocesan offices for ordinary acts of administration such as:

1. Purchase of supplies that are usual and normal.
2. Minor repairs.
3. Replacing worn out equipment if the cost does not exceed $40,000.
4. Employment and compensation of employees.

If an act is not ordinary, then it is extraordinary.

B. Extraordinary Administration

Acts that exceed the limits of ordinary administration as defined above are referred to as "Acts of Extraordinary Administration." The pastor cannot validly perform acts of extraordinary

[1] This section is included solely for informational purposes, and is not required reading.

administration without the prior written faculty of the local ordinary. Unless the approved canonical statutes of a parish define the limits of ordinary administration, the definition devolves to the Diocesan Bishop.

The following list, which is **not** exhaustive, enumerates some acts for which by law or policy, the prior written faculty of the Diocesan Bishop is required in the Diocese of Madison:

1. To incur a cumulative debt exceeding $40,000;
2. To establish a line of credit with a lending institution;
3. To undertake capital expenditures for single or phased projects exceeding $40,000 or having a notable liturgical impact regardless of cost;
4. To build, tear down, rebuild, or remodel any building, or to make extraordinary repairs or improvements on any church property at a cost exceeding $40,000 or having a notable liturgical impact regardless of cost.

The Diocese wishes to collaborate with the parish, share best practices, and mitigate risk exposure for both the diocese and the parish. The greater the scope and complexity of the project, the more rigorous the process is for obtaining the written faculties.

C. Petitioning for the faculty to place acts of extraordinary administration

Pastors must petition the Bishop of Madison for the faculty to place any of the acts of extraordinary administration listed above. Petitions can be made by filling out the form found at https://madisondiocese.org/new-construction-project. Any questions regarding the process, regarding the project approval, or regarding the limits of ordinary administration can be answered in advance by the Office of Building, Construction, and Real Estate via phone or email.

Diocese of Madison

Creating or Modifying Endowment or Cemetery Perpetual Care Funds

On October 26 of 2017, the mandate from the Bishop of Madison titled Instruction Regarding the Creation and Restructuring of Parish Endowments and Cemetery Perpetual Care Funds ("the

mandate") was signed into law, requiring all parishes of the Diocese of Madison ("Diocese") to be in compliance with the policies and procedures articulated therein.

In an effort to make this process as easy and simple as possible, the Diocese has worked to develop a set of standard procedures and tools, paving the way for trust fund creation or modification. **It is the responsibility of the pastor to contact the Chief Financial Officer of the Diocese** with any questions or concerns that may arise regarding any material pertinent to these topics, **and** to help ensure the parish(es) he is responsible for are in compliance.

Diocese of Madison

Unrelated Business Endeavors by Parishes

PREAMBLE

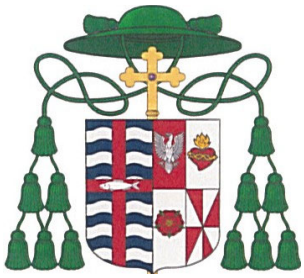
Historically, the acquisition or redevelopment of goods or property by the direct engagement in commerce is not entirely foreign to the Church's nature. When the Church or its parishes aspire to engage in business endeavors, they must be careful to recognize potential pitfalls associated from operating an unrelated trade or business. Activities of this nature exceed the limits of ordinary administration, that is to engage in the regular management or operation of a trade or business that is not substantially related to the performance of the religious, spiritual, educational, or charitable purposes of the Church ("unrelated business"). Accordingly, pastors and other administrators may not undertake such endeavors without the prior written faculty of the local ordinary.

The various committees of the Diocese of Madison, including but not limited to the Diocesan Finance Council and the Diocesan Building Commission, have recommended to the Bishop of Madison, guidelines for parish-led real estate development opportunities that are considered to be a non-ministry endeavor.

Such opportunities require the prior review and authorization of the diocesan bishop because they qualify as "unrelated business endeavors," and also because they may entail the purchase of real property, the alienation of patrimony, risk to the patrimonial condition of the parish, the long-term lease of property, the origination of debt, or some other transaction requiring additional formalities and oversight under canon law.

The information that follows includes 1) Instruction Regarding Unrelated Business Endeavors by Parishes, executed with an effective date of March 3, 2020, and 2) a Policy Statement Regarding a Parish's Ability to Enter into Real Estate Development Opportunities That Are Considered to be a Non-Ministry Endeavor, dated February 28, 2020. The two documents are interrelated and available for your review.

Finally, it is noteworthy to point out that the Diocesan Presbyteral Council met on Tuesday, March 3, 2020, with Bishop Hying consulting with this body prior to officially promulgating the instruction.



INSTRUCTION REGARDING UNRELATED BUSINESS ENDEAVORS BY PARISHES

"To pursue its own purposes, the Catholic Church by innate right is able to acquire, retain, administer and alienate temporal goods" (c. 1254 §1). For the most part it is through donations from the faithful that the Church acquires the temporal goods necessary for the pursing the purposes entrusted to it by our Lord. At the same time, the acquisition of goods by the direct engagement in commerce is not foreign to the Church's nature, and in fact it has a long precedent in the Church's history. When the Church or its parishes and other ecclesiastical entities do engage in business endeavors, however, they must be careful not to fall in the trap of worldliness or corruption, or even of just creating the scandalous appearance thereof. Moreover, pastors and other administrators of ecclesiastical goods must be aware of the important tax consequences that can result from engaging in unrelated trade or business. Mindful of these benefits and risks, both spiritual and temporal, and having consulted the Diocesan Finance Council in accordance with canon 1281 §2, I hereby promulgate the present instruction, which is binding on pastors and other administrators of juridic persons subject to the governance of the Diocesan Bishop:

1. Unless the limits of ordinary administration are defined in their own statutes, for parishes and other juridic persons subject to the Diocesan Bishop, it exceeds the limits of ordinary administration to engage in the regular management or operation of a trade or business that is not substantially related to the performance of the religious, spiritual, educational, or charitable purposes of the Church ("unrelated business"). Accordingly, pastors and other administrators may not undertake such endeavors without the prior written faculty of the local ordinary.

2. The request for the local ordinary's faculty will be made through and facilitated by the Diocesan Office of Finance. Pastors and other administrators are encouraged to contact the Office of Finance as early as possible when considering undertaking an unrelated business endeavor.

OFFICE OF THE BISHOP
Diocese of Madison • 702 S. High Point Road • Suite 225 • Madison, WI 53719
Phone: 608-821-3002 • Fax: 608-440-2809 • Email: officeofbishop@madisondiocese.org

3. The local ordinary's faculty is not required for endeavors that are not carried on in a sustained fashion, such as parish festivals or occasional fish fries, or for endeavors that generate only an unsubstantial amount of income, such as the sale of bulletin ads. In case of doubt, administrators should consult the Diocesan Office of Finance. This exemption should not be interpreted to mean anything about the possible tax consequences of such endeavors.

4. Parishes and other juridic persons who are already engaged in unrelated business at the time of this instruction are to submit a report to the Diocesan Bishop within six months, giving details about the unrelated business, in communication with the Diocesan Office of Finance.

5. In all cases, unrelated business may only be undertaken for the purpose of generating income for the pursuit of the religious, spiritual, educational, or charitable purposes of the Church. Endeavors must never be sordid or incongruent with the nature of the Church, either in themselves or in the way they are carried out.

Given at Madison this 3rd day of March, in the year of our Lord 2020, to take effect immediately.

+Donald J. Fying
Bishop of Madison

William D. Yallaly
Chancellor

OFFICE OF THE BISHOP
Diocese of Madison • 702 S. High Point Road • Suite 225 • Madison, WI 53719
Phone: 608-821-3002 • Fax: 608-440-2809 • Email: officeofbishop@madisondiocese.org

Diocese of Madison
Policy Statement Regarding a Parish's Ability to Enter into Real Estate Development Opportunities that are Considered to be a Non-Ministry Endeavor

The various committees of the Diocese of Madison, including but not limited to the Diocesan Finance Council and the Diocesan Building Commission, have recommended to the Bishop of Madison for approval or rejection, parish-led real estate development opportunities that are considered to be a non-ministry endeavor (the "Opportunity" or "Opportunities").

Such Opportunities require the prior review and authorization of the diocesan bishop because they qualify as 'unrelated business endeavors,' and also because they may entail the purchase of real property, the alienation of patrimony, risk to the patrimonial condition of the parish, the long-term lease of property, the origination of debt, or some other transaction requiring additional formalities and oversight under canon law.

The following criteria will be used to determine whether an Opportunity will be granted approval or will be rejected:

1. The request for the local ordinary's faculty will be made through and facilitated by the Diocesan Office of Finance. Pastors and other administrators are encouraged to contact the Office of Finance as early as possible when considering undertaking an Opportunity (i.e., an unrelated business endeavor).

2. An Opportunity must be directly tied to the mission of the parish and should not substantially put at risk existing or future parish patrimony (i.e., parish assets). The less directly related an Opportunity is to the mission of the parish, the higher is the standard of review and the standard of approval for the Opportunity.

3. Pursuit of an Opportunity cannot be a distraction from the core ministries of the parish. As such, parishes must assemble a competent team of experts, volunteer or paid, to oversee the Opportunity. Diocesan Staff shall not be considered a substitute for the required parish team. Parishes need to consider that such Opportunities tend to be time- and resource-consuming in nature, and require a substantially competent team. Consideration should also be given to the competency requirements specifically falling to the pastor, and whether the Opportunity restricts the ability of the Bishop to reassign pastors, as needed.

4. An Opportunity must be driven by the parish, with a mission impetus, and not be third-party developer driven. If partnering with a third-party developer is desired, the use of a Request for Proposal to solicit multiple responses from third-party developers is required. Selection of a third-party developer should be based on criteria set by the parish with consideration given to the qualifications of the developer, technical expertise, and specialized capabilities.

Policy Statement Regarding a Parish's Ability to Enter into Real Estate Development Opportunities, as printed on 2/28/2020.

5. A thorough submittal describing all aspects of the Opportunity is required, with the current process for submitting a project to the Diocesan Building Commission as the precedential procedure. Summarization of the required time and effort, entitlements, financial return analysis, risk and reward analysis including a best, middle, and worst-case scenario, and real estate / income tax implications must be included in the submittal. Careful consideration should be given to both financial and reputational risk.

   With regard to entitlements, a land entitlement is the legal process of obtaining approvals for development plans. Entitlements are a legal agreement between the land owner and the governing municipality that provide specific rights to the land owner and include design covenants. Entitlements include but are not limited to the function of the site, zoning, zoning variances, density, roadways and setback requirements for a property. Further, submission of a timeline (Gantt Chart) organizing the entire public (political) and private steps (entitlements) is required.

6. If the Opportunity were to suffer setback or financial failure, the parish must describe the resources available to rectify the failure, outlining risk at various phases, coupled with an appropriate stress test analyzing current and emerging risks and vulnerabilities by assessing the impact of changing economic conditions.

7. Any post development, on-going "asset management" obligations arising from the Opportunity must be thoroughly divulged and the plan for accommodating such obligations presented.

8. Any obligations arising from an Opportunity shall be those of the parish alone. The Diocese of Madison will not be a resource to financially support, guarantee, or back-up the obligations of parish.

9. An Opportunity will be evaluated on a case-by-case basis, with no regard to precedence, based on the unique facts and circumstances presented. The nature of associated risk as well as overall tolerance to risk will be considered. A final decision may not appear to all parties to be uniform.

10. An Opportunity that includes contributions of appreciated property gifted to parishes (e.g., a gift of land) may be viewed differently than the current guidelines for alienation of existing parish patrimony (e.g. the sale of an existing vacant school).

11. Consideration must be given to asset preservation versus sale of Church patrimony. If a sale of assets is proposed (land or building), strong justification is needed to support that position.

Policy Statement Regarding a Parish's Ability to Enter into Real Estate Development Opportunities, as printed on 2/28/2020.

12. The Diocese of Madison reserves the right not to accommodate an Opportunity at its sole discretion if it is determined that Diocesan resources are not available to thoroughly review the submittal or if on an overall Diocesan level, it is deemed that the additional Opportunity raises total Diocesan risk to an unacceptable level.

13. The Parish shall be required to reimburse the Diocese of Madison for any and all direct and incremental costs incurred by professionals retained by the Diocese to understand and review the Opportunity. Professional consultants include but are not limited to accountants, architects, attorneys, engineers, financial analysts, land planners, etc.

14. The overall standard of review and standard for approval of Opportunities (i.e., a non-ministry endeavor), based on the foregoing, is significantly higher than traditional ministry-related projects for parishes, due to the exceptional nature of and risks related to such unrelated business endeavors.

Policy Statement Regarding a Parish's Ability to Enter into Real Estate Development Opportunities, as printed on 2/28/2020.

Diocese of Madison

Guidelines for Gift of Real Estate

A. General Guidelines

1. All gifts of real estate should be directed to the Chairperson of the Diocesan Building Commission. Parishes may not accept gifts of real estate without the approval of the Bishop of Madison.

2. The following issues must be addressed before accepting a gift of real estate:

    a. The Value and Marketability of the Property – The donor is responsible for obtaining appropriate evidence of the value for gift substantiation purposes.

    b. Carry Charges of the Property – The property will have certain carrying charges. These may include taxes, sewer fees, condominium fees, insurance and other liabilities. The total of these expenses must be weighed before accepting a gift of real estate. Arrangements should be made by the donor to cover these carrying charges.

    c. Environmental Issues – An environmental review must be conducted because of the potential cost associated with a required environmental cleanup or remediation. The scope of such a review will depend on the type and condition of the property.

    d. Legal and Tax Issues – In order to assure the donor is authorized to donate the property, the parish must determine title information and any ordinances or zoning requirements concerning the property. In the case of income-producing properties, questions of unrelated business income must be addressed.

    e. Existence of Liens – A records check is required to confirm that the property is free from liens or to verify the amount of disclosed liens.

    f. Suitability of the Property – The parish should determine if the ownership of the property is consistent with the mission of the Diocese.

B. Information Required

It is important to gather as much information as possible from the donor prior to accepting a gift of real estate. The following information shall be obtained:

a. Site plans, building plans and other descriptive information relating to the property and improvements.

b. Any prior environmental assessments and appraisal reports, market studies or information that could include a summary of any outstanding agreements that could survive closing, transfer or service contracts, listing agreements or the like. Appropriate evidence of value will be submitted to the Diocese when the prospective donor obtains it for gift substantiation purposes.

c. Zoning information, including whether any existing or proposed use violates zoning provisions.

d. An ownership and encumbrance report or title commitment from a title company.

e. In the case of commercial property, the rent roll showing leases and amendments, commencement and expiration dates, rents, and pro rata shares actually being collected and security deposits being held.

f. Copies of current leases of the property together with all tenant information on residential property.

g. Documents are required demonstrating that the donor has the authority to transfer the property without the consent of any other party. If other such consents have been given, information relating to any restrictions on the ability to sell the property will be required.

h. Complete legal description and property identification.

i. Title commitment to issue an owner's policy of title insurance, with copies of all documents that constitute exceptions to title.

j. Current real estate assessment notice and evidence of payment of current real estate taxes.

k. Evidence of all insurance policies currently in effect, including a description of coverage. The amount of annual premiums due with respect to such policies shall also be included.

C. Physical Inspection

It is important to physically inspect the property prior to accepting a gift of real estate. Inspection shall include but not be limited to:

a. Condition of roof

b. Parking lot and other paving

c. Condition of HVAC

d. Structural components

e. Mechanical and electrical components

f. Compliance with applicable building codes

g. Assessment of potentially hazardous conditions such as asbestos, mold, or excessive radon levels

h. Topography

i. Access to property

j. Drainage issues

k. Any other relevant factors affecting property value or future development

D. Environmental Review

All potential donated property shall be reviewed to assess the environmental liability risks associated with the property. A Phase 1 environmental assessment report shall be conducted in accordance with recognized standards prior to acceptance of a gift of real estate. Such an audit shall be conducted to determine whether possible contamination may exist on the property, based on a site inspection, historic research, review of public records, examination of facility records, and interviews of past and present owners/operators of the property.

E. Unrelated Business Taxable Income (UBI) Issues

If the proposed gift of real estate consists of income producing property, a review shall be made as to whether any of the income will constitute UBI and thereby subjecting the parish to income tax on such income. For example, rental income from mortgaged real estate may constitute UBI.

F. Marketability

Prospective donors will be encouraged to make gifts of real estate that is readily saleable. If the property being offered is not readily saleable, an assessment of the carrying costs relative to the probable timing and sales price must be undertaken.

G. Responsibility for all Costs

The parish shall be responsible for all costs incurred with the necessary due diligence and title transfer, as well as all the carrying costs incurred until the property is sold.

H. Form of Deed

All transfers of real property should be by general warranty deed or special warranty deed, or such other form as is customary in the state in which the property is located.

I. Tax Reporting

In any case, in which, within two years from the date of the gift, the property is sold and Form 8283 had been received at the time of the gift, the parish must report the details of the sale and gift to the IRS on IRS Form 8282. It is the general policy of the Diocese to sell gifts of property. The Diocese will insist no restrictions be placed on the manner in which the parish may use or dispose of the property. The Diocese or the parish will not establish or corroborate the value of the property for the purpose of substantiating the donor's income tax charitable deduction.

Diocese of Madison

Parish Finance Councils

The Parish Finance Council is a consultative body of lay persons, mandated by canon law, whose purpose is to advise the pastor in matters pertaining to the financial affairs of the parish.

Canon 537 of the Code of Canon Law states, "Each parish is to have a Finance Council which is regulated by universal law as well as by 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 with due regard for the prescription of Canon 532."

The pastor has authority from the Bishop and the universal law of the Church to decide and act on behalf of the parish (Canon 532). The Parish Finance Council is strictly advisory to the pastor, and its decisions/recommendations are valid only when accepted and ratified by the pastor. It is important, therefore, that the pastor be central to the deliberations and the functioning of the Parish Finance Council. The relationship between the Finance Council and the pastor is one of support and mutual cooperation.

A. Membership of the Parish Finance Council

1. The Finance Council shall be comprised of appointed, *ex-officio*, and non-voting members.
2. There shall be not fewer than three and not more than eight appointed members, all of whom must be fully initiated, practicing Catholics; at least 18 years old; registered members of the parish who are reputable, knowledgeable, and skilled in financial, accounting, insurance, legal, fundraising, and/or building construction and maintenance matters; known for their prudent judgment and understanding of Church operations; sensitive to spiritual and pastoral issues; and abreast of Church developments.
3. Appointments shall be made by the pastor. Members should be appointed for a three-year term renewable once. It may be helpful to stagger the terms so that there is continuity of service and no disruption to the function of the Finance Council.
4. At the discretion of the pastor, one representative from the building/maintenance committee, one representative from the cemetery board/committee, and one representative of a building project committee may serve as non-voting members on the Council.
5. The Parish Business Manager/Accountant/Bookkeeper shall not be a member of the Parish Finance Council. However, his/her attendance at Council meetings may be helpful and at times required.
6. Members of the Parish Finance Council may not be related to each other (e.g. husband and wife), nor to the pastor or the Parochial Vicar, nor to any employee of the Parish.

7. Dual membership in the Finance Council and the Parish Council or other committees/boards in the parish is highly discouraged to avoid conflicts of interest. However, ex-officio, non-voting members such as the parish trustee would be acceptable as members of both the Finance Council and the Parish Council.

B. Officers of the Parish Finance Council

1. The officers of the Council shall be a chairperson, a vice-chairperson, and a secretary. They shall be appointed from the Council by the pastor at the annual transition meeting.
2. Ex-officio members are ineligible to serve as Council officers or committee chairpersons.
3. The pastor of the parish presides over meetings of the Parish Finance Council and receives the Council's proposals.
4. The chairperson assists the pastor in coordinating the work of the Council, in preparing for meetings, and in implementing Council proposals which have been accepted by the pastor. The chairperson performs other such tasks as may be delegated to him/her including, if the pastor so desires, chairing and conducting the regular meetings of the Council.
5. The chairperson's name and contact information must be published on the front of the Parish Sunday Bulletin. He/she is an active participant in the parish's finances, and therefore a means whereby parishioners can express their concerns about parish finances must be provided.

C. Meetings of the Parish Finance Council

1. The Parish Finance Council shall hold regular meetings at least four times a year (monthly meetings are highly recommended).
2. Special meetings of the Parish Finance Council may be called by the pastor, the chair person, or a quorum. A quorum consists of two-thirds of the total membership. No business other than that stated as the purpose shall be conducted at a special meeting.
3. Meetings and agendas shall be arranged by the chairperson in consultation with and with the approval of the pastor. The pastor and members are expected to attend all meetings.
4. Priests and deacons of the parish should be invited to all meetings of the Parish Finance Council and encouraged to attend.
5. Parish Finance Council meetings shall be held at such time, place, and date as the Council may designate. Prayer shall be an integral part of the meeting.
6. Advance notice of the time and place of the meetings of the Council shall be published in the parish bulletin, and all members of the parish shall be entitled and welcome to attend as observers.
7. Minutes of the Parish Finance Council meetings must be recorded and retained by the secretary. These minutes are an important record of Council activities and should be made available upon request to parishioners who are interested in Council activities.

8. For the Parish Finance Council to fulfill its mission of review and deliberation, fiscal information such as parish financial reports and records must be accessible to Council members. Such information must be exchanged on a confidential basis.
9. The pastor and chairperson may call for the creation of committees of the Parish Finance Council to deliberate and advise on specific areas – for example, a Budget Committee, an Audit Committee, a Strategic Planning Committee, or an Investment Committee.
10. While Council meetings are normally open to parishioners, the pastor reserves the right to close the meeting to visitors. When a question arises at a Council meeting that relates to a person's right to privacy, the Council may request the absence of visitors for that portion of the meeting. The content of the closed session is confidential, not recorded as part of the formal minutes of the meeting nor made public.

D. Mission of the Parish Finance Council

The mission of the Parish Finance Council is to assist the pastor in the following ways:

1. Assist the pastor with the preparation of the annual budget for review by June 1, for the following fiscal year, which begins on July 1.
2. Assist the pastor with the preparation of quarterly financial reports.
3. Assist the pastor with the Annual Financial Report, as of June 30. The report is to be prepared and submitted to the Diocese in a timely manner, but no later than August 31.
4. Assist the pastor with the preparation and publication of the Annual Financial Statements and a Report for the Parish Council and all parishioners at large. This should be completed by September 30.
5. Evaluate and make recommendations to the pastor regarding the needs and effectiveness of the parish's support through the offertory as well as the various fundraising activities that the Parish initiates.
6. Assist the pastor with the development of a long-range plan, for the financing of necessary repairs, renovations, and purchase of equipment as needed.
7. Assist the pastor with the development of a plan for systematic repayment of any parish debt.
8. Assist the pastor in monitoring all parish fundraising programs and investments.
9. Assist the pastor in ensuring that appropriate measures are taken to safeguard the assets of the parish from loss or damage.
10. Assist the pastor in monitoring the implementation of all diocesan policies relative to financial matters, detailed in the Parish Administrative Manual.
11. Propose to the pastor specific parish spending guidelines.

Diocese of Madison

Parish Investment Committees

The purpose of this guideline is to assist the reader in how to manage, with the care, skill, prudence, and diligence, funds allocated toward investments for the purpose of ensuring the long term financial health and stability of the parish or parishes which it supports.

The policies listed below provide a framework from which one may construct, enact, and oversee investment portfolios. Investment portfolios may accommodate any number of different tactics through which to engage in the commercial market. Depending upon the desired use of the funds, one or numerous portfolios may be constructed, managed, and drawn from, to accomplish tasks such as providing a long term source of steady income (including asset appreciation) or creating a safe holding pattern that matches inflation for money raised for future construction purposes.

For investments that are income producing or growth-oriented, diversification of assets is critical to reduce investment risk[1]. A balance must be struck between risk adversity, and growth, such that the funds allocated for investment are utilized in such a manner as to promote growth, while simultaneously not exposing the parish to unnecessary loss of principal or corpus.[2]

A. Developing an Investment Committee

An Investment Committee, investment managers, custodians, and consultants are key party members in managing your parish's investments. The parish's investments fall under the jurisdiction of the pastor, who has been entrusted to guide and govern the parish. This includes fiduciary oversight of the parish's investments and the Investment Committee.

The Investment Committee assists the pastor in oversight of patrimony of the parish corporation, assisted by third parties such as investment managers, custodians, and investment consultants. This consultative body will dictate, under guidance of the pastor, investment policies and objectives, through which they, and other parties, will direct invested funds in the public market for the purpose of managing (preserving) and increasing the temporal goods of the parish, ensuring its long term financial health and sustainability.

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[1] Investment risk can be defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular investment. Stated simply, it is a measure of the level of uncertainty of achieving the returns as per the expectations of the investor.

[2] For examples of various portfolio structure templates, see Investment Guidelines - Section G – Portfolio Examples.

"All institutions with investments should develop written investment policies governing significant investment criteria for each class of funds being invested. Among the matters which should be included in the investment policy are investment objectives, responsibilities of the investment committee, responsibilities of the investment managers, risk tolerance, asset allocation, investment strategy, expected investment return, quality ratings, prohibited investments, and socially responsible guidelines" *(USCCB: Diocesan Financial Management Guide to Best Practices)*.

Parishes should maintain a schedule of investments and other assets that are movable and valuable. Records must be kept in a locked, fireproof vault, or with a financial institution. Such assets must be maintained under dual control, where by access to them is only available when two or more persons are present. All such assets must be registered in the name of the parish. Ideally, excess cash balances should be maintained in an interest-bearing, government insured financial account. The Catholic Diocese of Madison Foundation is an excellent vehicle for long-term investment funds. http://diocesemadisonfoundation.org/

B. Investment Policy Statements

The parish-level Investment Committee is responsible for establishing the investment policy statement, which is a guidepost. The Investment Committee is permitted to change the investment objective for non-endowed monies, as required, exercising prudent discretion, to best serve the broader investment goals and purposes of the parish corporation, taking into consideration market conditions, performance expectations, investment time horizon, and other relevant factors.

A major component of investment policy is asset mix, which may fluctuate at times depending upon the financial markets. Assets should be diversified in order to minimize risk of large losses of principal due to concentration one or more securities or sectors. Diversification can be achieved through asset mix and selection of multiple investment managers by style. Note that management and investment decisions about an individual asset shall not be made in isolation, but rather in the context of the parish's portfolio of investments as a whole and as a part of the overall strategy, having risk and return objectives reasonably suited to the fund and the parish (Wis. Stats. 112.11).

C. Portfolio Types

In what is to follow is a basis of portfolio types, their correlate asset class investment ranges, and a neutral basis of asset class weights for those given portfolio types. Different portfolios are useful in different situations and multiple portfolios may be used to accomplish multiple goals. Of critical importance is an understanding of investment horizon timelines and financial sustainability.

Conservative Balanced: is designed to provide current income and low to moderate growth of capital. Investors should have sufficient tolerance for moderate to substantial price and return volatility and periodic declines in investment value with a time horizon of five to seven

years. Equities (30-50% / 40%), Fixed Income (45-60% / 55%), Short Term Investments (0-10% / 5%).

Balanced: is designed to provide a moderate amount of current income with moderate growth of capital. Investors should have sufficient tolerance for price and return volatility and substantial periodic declines in investment value with a time horizon of five to ten years. Equities (45-75% / 60%), Fixed Income (25-45% / 35%), Short Term Investments (0-10% / 5%).

Growth Balanced: is designed to provide capital growth with a low to moderate level of current income. This portfolio can provide relatively high allocations to various equity categories including small company and international company equity securities. Investors should have sufficient time and tolerance for substantial price and return volatility and relatively large declines in investment value. Equities (55-85% / 70%), Fixed Income (15-35% / 25%), Short Term Investments (0-10% / 5%).

Income: is designed to provide a moderate level of current income. Although fixed income investments comprise the largest share of the portfolio, and equity component is included to help keep pace with inflation and provide a source for potential increases in income over time. Income investors should have sufficient time and tolerance for some price and return volatility and periodic declines in value and a time horizon of at least three to five years. Equities (10-30% / 20%), Fixed Income (65-85% / 75%), Short Term Investments (0-10% / 5%).

All Fixed Income: is designed for investors who wish to have no equity exposure or hold equities in separate portfolios. Equities (0% / 0%), Fixed Income (90-100% / 95%), Short Term Investments (0-10% / 5%).

Cash Equivalents: is designed for investors who wish to have minimal volatility and a current return similar to very short term fixed income obligations such as treasury bills, commercial paper, and money market funds, and short term fixed income investments up to one year in maturity. Equities (0% / 0%), Fixed Income (0-20% / 0%), Short Term Investments (80-100% / 100%).

Additional information is provided in the Investment Guidelines below. For further guidance on investment policies, strategies, and management please contact the Diocese of Madison, CFO/Treasurer or the Manager of Parish Administrative Services.

Diocese of Madison

Investment Guidelines

All investment committees, investment managers, and portfolios utilized for the purposes of managing and overseeing assets of a parish or parishes must adhere to the socially responsible investing policies set forth by the United States Conference of Catholic Bishops ("USCCB").

A. Statement of Purpose

In establishing a body whose purpose is to help manage and oversee the investments of the parish, namely the investment committee, it is critical for that consultative body to have a defined statement of purpose for which it has been established. A statement of purpose provides the foundation from which the body will approach its objectives and affords a layer of accountability to which the body must answer to. This is then to be developed and set forth by the pastor and finance council to whom the investment committee reports.

B. Investment Objectives

Investment objectives establish the core purpose for why funds have been set aside. Some assets may be provided as an endowment fund that slowly produces support to the parish through capital appreciation and income. Other funds may be created to serve as retention pools for cash collected for future anticipated building projects that will be used in the near or distant future. There are numerous possibilities each with varying investment strategies, time horizons, current income levels, growth potential, and associated risk. It is the responsibility of the Investment Committee ("IC") to confirm the objective or goal to be accomplished by the funds set aside. The IC has the responsibility of ensuring these objectives are met, in line with the policies and procedures set for.

The strategic objective of investments is to gain exposure to equity or fixed income securities, while achieving the highest total rate of return possible, consistent with a prudent level of risk.

It is important to note, at this point, that the objective of a fund may change over time, and will also be affected by fluctuations in the market. It is necessary to be attentive to inflation, deflation, and tax consequences associated with the pursuit of strategic objectives. If changes are required to the investment strategy or holding patterns of funds, they must be approved by the pastor, and fiscally responsible in light of the continual financial health of the parish. Permanently restricted funds are not able to be used for purposes other than those set forth by the donor and must follow precisely the requirements stipulated with their donation.

C. Associated Parties

Investment Committee ("IC") – Is charged with overseeing the investments of the parish allocated to it, with the aid of investment managers, custodians, and consultants, to ensure the financial health and sustainability of the parish. The pastor, as a delegate of the Bishop, who is the president of the parish, oversees the IC to ensure its vision is in line with the vision of the parish.

Investment Manager ("IM") – These are fund managers that try to weigh the direction of the market to strategically position the portfolio such that it can take advantage of market changes. They will make active trades on the IC's behalf while operating within the defined parameters set forth by the IC for how it would like to see the funds handled.

Custodian – There may or may not be a custodian for a portfolio or set of portfolios. Custodians are often banks or other third parties who hold the funds as a protector but through whom the funds are made available to IM's who oversee them on the public market. Custodians hold the securities and collect all interest and dividends on behalf of the parish, sweep cash in to money market funds daily, provide timely reporting, and facilitate trading activity between IM's and brokers.

Consultants – Are a third party professional evaluation firm used to assess performance of IM's. They are expected to: assist in the development and review the appropriateness of guidelines, policies, and objectives set forth by the IC; provide objective advice about IM's to the IC; monitor IM's; and *receive no compensation* from IM's or other consultants. Quarterly, the consultant should provide performance analysis of the portfolio and an evaluation of each manager's performance relative to its benchmark.

D. Investment Responsibilities

It is the objective of the IC to make sound and prudent decisions concerning the assets of the parish. To this end, the IC responsibilities are to:

1. Serve as faithful stewards in safeguarding the assets of the parish while working to maximize investment performance within parameters of prudent risk control.
2. Report quarterly all accounts to the Finance Council for inclusion in the parish's financial statements.
3. Develop reasonable and consistent investment policies and guidelines.
4. Select IM's to be used by the IC to invest funds, and communicate regularly with the IM's on their duties and responsibilities.
5. Regularly communicate with any custodian and, when applicable, consultants.
6. Monitor and evaluate investment results on an ongoing basis to assure that: the policy guidelines are being adhered to, the objectives are appropriate, and that the selected IM's are providing investment performance at or exceeding established benchmarks. Consultants may be used to help facilitate this process.

7. Monitor fees and expenses associated with the investments.
8. To the extent that the portfolio permits, vote all shares in accordance with Catholic social and moral teaching.

The Investment Manager is expected to:

1. Provide advice on investment matters relating to the funds managed for the parish. IM must be assured of appropriateness of any individual investment based on factors such as the company's products or services, positioning, operating results, financial condition, management, and the liquidity of the holding.
2. Exercise complete investment discretion including the selection of securities and the implementation of the purchase and sale of those securities. IM's must exercise diversification across industry and individual holdings while avoiding unnecessary risks in achieving the stated objectives.
3. Communicate directly with the IC or their designate on all matters of significance regarding asset allocation and changes to the portfolio.
4. Provide reports of: the investment portfolio on a monthly basis; past and prospective portfolio changes in adherence of guidelines and policies; economic and market analysis; and any changes to IM entity's management.
5. Ensure investment transactions and commissions are governed by negotiation for execution on the "best realized price" (best net price) basis. All fund management is to be in accordance with State and Federal law, including fiduciary responsibilities, security selection, and proxy voting.
6. Should produce a total return meeting or exceeding the 50th percentile return from a universe of similar managers.

E. Investment Guidelines and Restrictions

Investment guidelines are the parameters within which the IC and IM should operate in executing policies and strategies relative to the assets of the parish. Review procedures represent the manner for controlling this process.

Risk Guidelines

1. Stock and bond funds taken as a whole, the portfolio risk level (as measured by standard deviation of quarterly returns over a five-year period) should be less than the appropriate market benchmark.
2. To minimize the likelihood of the erosion in asset value due to declining security markets, a loss greater than 10% relative to benchmark in any one year for the stock fund and a loss greater than 6% relative to benchmark in any one year for the bond fund may result in a review and possible change in investment policy.
3. Any party (IC, IM, or consultant) may call more frequent meetings if significant concerns arise regarding any IM's performance, strategy, personnel, and organizational structure or any other relevant factors relating to the welfare of the fund.

Investment Guidelines

1. Mutual funds may be selected from the investment manager's open architecture platform provided critical due diligence is performed to evaluate consistency of returns, strength of management team, adherence to the socially responsible teachings of the Roman Catholic Church, and performance relative to peers and benchmarks. An effort must be made to use institutional class shares when investing in mutual funds to ensure low cost.
2. Use of exchange traded funds is permitted, in keeping with the IC's policies and objectives, to gain exposure to certain stock indices at a low cost.
3. In its efforts to adhere as closely as it can to the socially responsible investment policies set forth by the USCCB, an IM is encouraged to adopt the hierarchy shown below when selecting securities and follow lower tiers of the hierarchy only when adherence to higher tiers prohibits or substantially detracts from the attainment of other investment objectives, as set forth herein:
    a. Securities available under socially responsible screens required under USCCB policies.
    b. Socially responsible mutual funds that adhere to USCCB policies (such mutual funds commonly known as "faith based mutual funds").
    c. Socially responsible mutual funds that do not specifically adhere to USCCB policies.
    d. Actively managed mutual funds.

A full listing of the USCCB Investment Policy is available on the USCCB website at: http://www.usccb.org/about/financial-reporting/socially-responsible-investment-guidelines.cfm

4. Equity securities that may be invested to include the following:
    a. Stocks traded on major U.S. exchanges
    b. Convertible equity securities
    c. Equity mutual funds or exchanged traded funds
    d. Mutual fund families, which have at least $100 Million in market value, may be used, up to 10% of the total portfolio. An exception is permitted to those mutual funds sponsored by Catholic-based managers (e.g. Ave Maria Mutual Funds and LKCM Aquinas Funds).
5. Fixed income securities that may be invested to include the following:
    a. Securities issued or backed by the U.S. Government and its Agencies, as well as taxable or nontaxable securities of domestic and state and local government units.
    b. Debt instruments issued by domestic or foreign corporations. This portion of the portfolio shall maintain an average portfolio quality of no less than A, based on a Standard & Poor's rating (and/or Moody's rating service or equivalent), and shall have no holdings with less than a BBB rating by Standard & Poor's (and/or Moody's or equivalent) as measured at the time of purchase. If the portfolio or a holding falls below said standard, then the IM shall notify the IC as soon as practical and discuss the appropriateness of future action to rectify the issue.

6. If an IM deems it desirable to vary from the investment guidelines as described above, the IM shall obtain written approval from the IC or their designee, prior to implementing the change.
7. Target allocation for long term equity investments should be 60%.

Investment Restrictions

The following are not permitted:

1. Short sales.
2. Put and Call Options (except that calls may be written against securities owned).
3. Purchase for purposes of exercising control of management.
4. Securities of the trustee or manager, its parent, or subsidiaries (excluding money-market funds and common trust/mutual funds).
5. Any type of non-CMO (collateralized mortgage obligation), fixed income derivative securities.
6. Any security, which utilizes leverage.
7. Any security below investment grade at purchase (BBB). If any security falls below investment grade the manager must inform the IC.
8. Security lending.

F. Review Procedures

On a regular basis, the IC will meet to review the following:

1. The achievement of objectives and the adherence to policies and guidelines.
2. The appropriateness of the objectives, policies and guidelines set forth.
3. Amendments to the objectives, policies, and guidelines.
4. Review the performance of the consultant and consultant agreement.
5. Review all fees and expenses.

In addition, an assessment of an IM's performance should be completed quarterly. Investments selected by the IM are bucketed into their respective asset classes, which is then measured against the correlate index listed below. Failure to meet or exceed index performance calls into question the retention of the IM's oversight of parish assets.

Small Cap Value Equities	Russell 2000 Value Index
Small Cap Growth Equities	Russell 2000 Growth Index
Mid Cap Value Equities	Russell Mid Cap Value Index
Mid Cap Growth Equities	Russell Mid Cap Growth Index
Large Cap Value Equities	Russell 1000 Value Index
Large Cap Growth Equities	Russell 1000 Growth Index
Large Cap Core Equities	S&P 500 Index

International Value Equities	MSCI EAFE Value Index
International Growth Equities	MSCI EAFE Growth Index
International Fixed Income	Barclay's Capital Intermediate Gov't/Credit

G. Portfolio Examples

Balanced

Asset Class	Target Mix	Benchmark
Large Cap Equities	45%	S&P 500 Index
Mid Cap Equities	10%	S&P Midcap 400
Small Cap Equities	5%	Russell 2000
Intermediate Fixed Income	35%	Barclay's Capital Intermediate Gov't/Credit
Short Term Investments	5%	90 Day T-Bills

Growth Balanced

Asset Class	Target Mix	Benchmark
Large Cap Equities	35%	S&P 500 Index
Mid Cap Equities	10%	Russell Mid Cap
Small Cap Equities	10%	Russell 2000
International Equities	15%	EAFE Index
Intermediate Fixed Income	30%	Barclay's Capital Intermediate Gov't/Credit

All Fixed Income - Bond Fund

Asset Class	Target Mix	Benchmark
Intermediate Fixed Income	95%	Barclay's Capital Intermediate Gov't/Credit
Money Market	5%	90 Day T-Bills

H. Summary

A good IC surrounds itself with a team of knowledgeable and reliable IM's, custodians, and consultants who work together to grow the value of their investments while minimizing risks through means of diversification and intelligent investment allocation. Understanding the needs and desires of the parish are crucial to ensure that the funds entrusted to the IC are being utilized as effectively as possible to meet the stated objectives and help promote the fiscal health of the parish. All investments must be made in line with Catholic social teachings as provided by the USCCB.

Terminology that has appeared above, or may surface in discussion with the IM's, custodians, or consultants, has been expressed in Investment Terminology for reference.

Diocese of Madison

Investment Terminology

Active Management

An investment management strategy in which an attempt is made to outperform the market, as measured by a particular benchmark or index. The manager takes an active decision making role in choosing which securities to purchase and sell.

Alpha

A statistic measuring that portion of a stock, fund, or composite's total return attributable to specific or non-market risk. Because Alpha measures non-market return, it indicates how much value has been added or lost by a portfolio manager, based on that manager's investment decisions. It is different from the amount of return explained caused by market volatility (market risk or systematic risk) as indicated by Beta. A positive Alpha indicates the fund or composite has performed better than its Beta would predict (i.e. the manager has added value above the benchmark). A negative Alpha indicates a fund or composite has underperformed given the composite's Beta.

Annualized Return

An annualized return represents the geometric average performance per year during the cumulative period.

Asset Class

Asset classes are major categories of financial securities. The three major asset classes are cash investments, equity (stocks), and fixed income (bonds). Asset classes may be further subdivided by market capitalization, domestic or international, valuation characteristics, etc.

Asset Allocation

The strategic process of dividing investment funds among different categories of assets, such as cash, stocks, bonds, and real estate, to optimize the risk/reward tradeoff, based on an investor's specific situation and objectives. Asset allocation is the single most important factor in determining both return and risk (standard deviation) of a portfolio.

Attribution Analysis

Attribution Analysis helps assess how the manager outperformed or underperformed the benchmark for the most recent quarter. PrimaGuide provides summary information detailing out-performance or underperformance based upon individual security selection (Issue), industry over

weighting or under weighting (Sector), cash utilization as an investment vehicle (Timing), and intra-quarter transactions (Trading).

Benchmark

A benchmark provides a point of reference for evaluating the performance of a fund or private account composite. The benchmarks in PrimaGuide are unmanaged composites of securities designed to illustrate the performance of a particular market segment.

Beta

Beta, a component of Modern Portfolio Theory (MPT) statistics, is a quantitative measure of the volatility of a given stock, fund, or composite, relative to its assigned benchmark. It measures the systematic risk, associated with a fund or composite. The beta of the benchmark is defined as 1.00. A fund or composite with a beta of 1.10 is expected (based on previous performance) to perform 10% better than its benchmark index in up markets and 10% worse in down markets. A beta of 0.75 indicates that the fund or composite is expected to perform 25% worse than the index in up markets and 25% better in down markets. As with any statistic based on past performance, there is no guarantee of future performance.

Capital Asset Pricing Model (CAPM)

Illustrates the relationship between the return and risk of a composite and the return and risk of the market (usually represented by a market index) and represented graphically by a straight line called the Capital Market Line (CML). The CML represents every combination of the risk-free asset and the market portfolio. The CML represents the risk premium earned for taking on extra risk.

Capitalization

Market capitalization of a company is calculated by multiplying the number of shares outstanding by the price per share. PrimaGuide uses weighted average market cap (the market cap of each security in the portfolio times its weight in the portfolio) to compare actively managed portfolios to a benchmark.

Closed-End Fund

A type of mutual fund operated by an investment company that has a fixed number of shares usually listed on a major stock exchange. Closed-end funds do not issue and redeem shares upon demand like an open-end fund.

Composite

An aggregation of portfolios into a single group designed to represent a particular investment objective or strategy. Composites are the primary vehicle for presenting performance of separately managed account strategies.

Core Equity Style

Core is an investment style that invests in securities with both growth and value characteristics.

Correlation

The degree to which the movements of two variables are related as measured by the correlation coefficient.

Correlation Coefficient

Measures the correlation or sensitivity of returns on a security, asset class, or composite to the returns of another. The correlation coefficient ranges from +1.0 to –1.0. A highly positive correlation (near 1.0) indicates a direct relationship; a highly negative correlation (near -1.0) indicates an inverse relationship. A low correlation coefficient (near 0) indicates that the movement of the two variables is independent.

Credit Risk

Also known as default risk, it is the risk associated with a bond issuer failing to repay principal and interest in a timely manner.

Diversifiable Risk

Also referred to as non-systematic risk or non-market risk, it is the risk that is unique to a security and can be reduced through diversification.

Diversification

Investing a portfolio among a variety of securities with different risk, reward, and correlation statistics so as to reduce non-systematic risk.

Duration

A measure that allows coupon and maturity to be considered simultaneously in one measure. It is defined as the weighted average time to full recovery of principal and interest payments on a fixed income security. The duration of a portfolio is the weighted average of the portfolio's securities' durations. The longer the portfolio's duration, the more sensitive the portfolio is to changes in interest rates. Duration gives an indication of how a portfolio's market value will change as interest rates change. All else held equal, a portfolio with a ten-year duration would be expected to lose 10% from its value if interest rates rose by one percentage point or gain 10% if interest rates fell by one percentage point.

Efficient Frontier

In Modern Portfolio Theory (MPT), the Efficient Frontier is the set of all portfolios that maximizes return for each given level of risk (as measured by standard deviation), and conversely, that minimizes risk for a given level of return. It represents every possible combination of portfolios for which no further improvement in the risk/return tradeoff can be achieved.

Efficient Market Hypothesis

States that all relevant information is completely and immediately reflected in a security's market price thereby assuming that an investor will not earn a return above the market return through either technical analysis or fundamental analysis.

Efficient Portfolio

A portfolio that provides the greatest expected return for a given level of risk (as measured by standard deviation), or similarly, the lowest risk for a given expected return.

Emerging Market

The financial market of a developing country. May also refer to a developing market within a developed country.

Excess Return

A return in excess of that expected by an asset-pricing model, a benchmark, or the risk-free return [link to risk-free rate/return].

Exchange-Traded Fund – ETF

A security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange. ETFs experience price changes throughout the day as they are bought and sold. Because it trades like a stock, an ETF does not have its net asset value (NAV) calculated every day like a mutual fund does.

Fundamental Analysis

A method of security analysis that seeks to identify superior investments by examining the company's financial statements and operations, especially sales, earnings, growth potential, assets, debt, management, products, and competition to determine whether a stock is overvalued or undervalued by the market.

Growth

An investment approach that focuses on stocks with high future earnings growth expectations. Growth stocks are companies that offer above average prospects for capital growth due to their strong earnings and revenue potential. Growth stocks also tend to offer relatively low dividend yields, because these companies prefer to reinvest earnings in research and development.

Index

An unmanaged composite of securities designed to illustrate the performance of a particular market segment.

Index Fund

A fund that invests in the securities of a broad-based market index so that the fund mirrors the characteristics of the index, minimizing non-market risk or specific risk. Using these funds to invest assets is a form of passive management.

Investment Discipline

A manager has either an active investment discipline or a passive investment discipline. Passive management is based on the belief that security prices are close to "fair" levels, meaning that investments are not underpriced or overpriced. Passive managers do not try to beat the market, but

rather expect that investments will increase in value as the market increases. In general, Passive managers choose investments based on particular indexes. Active discipline managers try to beat the market by choosing investments based on research and the expectation that the investment's potential earnings and growth will exceed the market.

Large Cap

Refers to the category of companies with the highest capitalizations.

Market Cycle

Includes a peak and a trough in the capital markets and can cover a five to seven year period, although this varies.

Micro Cap

Refers to the category of companies with the lowest of capitalizations. Most of these companies are not listed on exchanges but are instead traded in the Over the Counter (OTC) market.

Mid Cap

Refers to the category of companies with capitalizations lower than large-caps but higher than small caps.

Modern Portfolio Theory (MPT)

Principals underlying the analysis and evaluation of rational portfolio choices based on risk-return trade-offs and efficient diversification.

Mutual Fund

An open-ended fund operated by an investment company which, for a fee, raises money from shareholders and invests the proceeds in accordance with a stated set of objectives. The benefits of a mutual fund include diversification and professional money management. Mutual fund shares are issued and redeemed on demand, based on the fund's net asset value (NAV), which is determined at the end of each business day session.

Net Asset Value (NAV)

Calculated at the end of each business day, NAV represents the dollar value of a mutual fund share, based on the value of the assets of the fund minus its liabilities, divided by the number of shares outstanding.

Nondiversifiable Risk

Risk that cannot be eliminated by diversification; also known as systematic risk.

Open-Ended Fund

A mutual fund operated by an investment company that continually creates new shares and redeems currently held shares upon demand.

Passive Management

An investment management strategy based on investing in exactly the same securities as a benchmark or index. The manager does not make decisions as to what stocks, bonds, or other investments to buy, instead, the manager replicates the index. This form of management is also known as indexing.

Performance Measurement

Quantifies how well a portfolio has performed by calculating a total return for the portfolio for a specified time period using either time-weighted or dollar-weighted returns, as well as other statistical measures that determine the risk of the portfolio such as standard deviation.

Portfolio

The combined holding of more than one stock, bond, commodity, real estate, cash, or other investment by an individual, money manager, or institutional investor. The purpose of a portfolio is to reduce risk through diversification of securities holdings.

Price/Book Ratio (P/B)

In PrimaGuide, the price/book (P/B) ratio of a portfolio is the weighted average of the price/book ratios of all the stocks in a portfolio. A company's book value is the total assets of a company, less total liabilities. A company's P/B ratio is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding.

Price/Earnings Ratio (P/E)

In PrimaGuide, the price/earnings (P/E) ratio of a portfolio is the weighted average of the price/earnings ratios of the stocks in a portfolio. The P/E ratio of a company is calculated by dividing the price of the company's stock by it trailing 12-month earnings per share. A high P/E usually indicates that the market is paying a premium for current earnings because it believes in the firm's ability to grow its earnings. A low P/E indicates the market has less confidence that the company's earnings will increase.

Risk

Risk can be defined in many ways. In this application the Modern Portfolio Theory (MPT) definition is most often used. In MPT, risk is the variability, or volatility, of returns and is measured by calculating a fund or composite's variance and standard deviation, which are measures of the dispersion of a fund or composite's returns from their average return over a defined period of time. Risk comes in a variety of forms as explained below:

1. Principal Risk – the potential to lose capital.
2. Opportunity Risk – the risk associated with missing out on the opportunity to earn greater returns in alternative investments.
3. Business Risk – the risk that an investment will decline in value as a result of developments within the issuing entity or within the issuing entity's industry.

4. Market Risk – the risk that the value of an investment will decline in value as a result of a decline in the market as a whole.
5. Financial Risk – refers to the amount of debt that is used to finance an entity. The greater the amount of debt, the higher the financial risk.
6. Inflation Risk – the risk that the value of a dollar of savings will be eroded by inflation.
7. Interest Rate Risk – refers to the tendency for the prices of existing fixed-income securities to rise and fall in an inverse relationship with interest rates.
8. Liquidity Risk – the risk that, in order to sell quickly, the investor will have to sell at a discount to fair value.
9. Exchange Risk – arises when an investment is made in foreign securities. An increase in the dollar in relation to the currency in which the foreign security is denominated can result in a loss because the investor will receive fewer of the now-more-valuable dollars on a sale of the investment.
10. Reinvestment Risk – generally refers to the risk that the rate of return on a short-term investment vehicle will decline so that reinvesting in the same type of asset will yield a lower return than an investor is seeking.

Sector

A group of securities that is similar with respect to industry, rating, maturity, type, and/or coupon.

Sector Analysis

In PrimaGuide, this chart displays the percentage of the portfolio invested in each of the economic sectors and the respective percentage weights of the benchmark. When calculating these percentages, Prima uses a representative portfolio provided by the manager and a third-party equity database. The sectors are defined by Standard and Poors and are listed below with their major industries:

1. Consumer Durables – Autos, house wares, recreation/luxury, multi-industry
2. Consumer Staples – Food, beverages, tobacco, household goods
3. Energy – Oil, natural gas
4. Financials – Banks, brokers, thrifts, insurance, real estate
5. Health – Pharmaceuticals, health-care services, medical devices, drug wholesalers
6. Industrial Cyclicals – Aerospace, construction, machinery, machine tools, chemicals, metals, papers, building materials
7. Retail – All retail (except drug wholesalers)
8. Services – Media, entertainment, personal and business services, waste management, transportation
9. Technology – Computer hardware, software, electronics, electrical equipment, wireless communications
10. Utilities – Telephones, electric utilities, gas utilities

Sector-Rotation

An active management style whereby a manager tactically overweighs and under weighs certain sectors and industries depending on expected performance.

Sharpe Ratio

The Sharpe ratio adjusts the return of a fund or composite based on the amount of risk taken to achieve it. It is calculated by dividing a fund or composite's total risk premium by the standard deviation of its risk premium. The risk premium is defined as the return above the risk-free rate, such as the T-Bill rate. Higher Sharpe ratios are preferred as relative measures of total risk-adjusted return.

Small Cap

Refers to the category of companies with small capitalizations.

Specific Risk

The risk associated with the volatility of specific stocks in a portfolio. Specific risk can be reduced by diversifying the portfolio.

Standard Deviation

Measures the total volatility or range of a fund or composite's return. It explains how much a fund or composite's rate of return fluctuates compared to its average rate of return for the measured period. Standard deviation measures total risk, which can be broken into market risk and specific risk. The larger the standard deviation, the greater the fund's volatility. By definition, approximately 68% of the time, the total returns of any given fund or composite are expected to differ from its mean total return by no more than plus or minus one standard deviation. Ninety-five percent of the time, a fund or composite's total returns should be within a range of plus or minus two standard deviations from its mean. These ranges assume that a fund or composite's returns fall in a typical bell-shaped probability distribution.

Style

For equity managers, style refers to the manager's orientation towards value, growth, or core holdings. For fixed income managers, style refers to the general credit quality of the holdings in the fund or private account.

Systematic Risk

That part of a security's risk that is common to all securities of the same general asset class and thus cannot be eliminated by diversification. It is the risk associated with the volatility of the market; also known as market risk, systematic risk is measured by Beta.

Total Return

Represents a portfolio's gains or losses over a specified period of time. Total return includes income (in the form of dividends or interest payments) and capital gains or losses (the increase or

decrease in the value of a security). Total return can be calculated on a dollar-weighted or time-weighted basis.

Value

An investment style commonly referred to as a value approach which focuses on stocks that an investor or manager thinks are currently undervalued in price and will eventually have their true value recognized by the market.

Value Manager

A portfolio manager who employs the value approach and purchases value stocks.

Value Stock

A stock with a lower than market (usually measured against the S&P 500 index) price/book ratio, a lower price/earnings ratio, and a higher than market dividend yield. A value stock usually has lower earnings per share growth rate than a growth stock.

Variance

A measure of volatility in a composite. The mathematical expectation of the average squared deviations from the mean. The square root of the variance is the standard deviation.

Volatility

The variability of the composite's returns.

Yield

The annual rate of return on an investment, expressed as a percentage. For bonds and notes, it is the coupon rate divided by the market price. For a stock, it is the annual dividend divided by the market price.

Yield Curve

A curve that shows the relationship between yields and maturity dates for a set of similar bonds, usually Treasuries, at a given point in time. Yield curves are usually classified in one of three ways:

1. Flat yield curve – Occurs when there is little difference between short-term rates and long-term rates.
2. Normal yield curve – Occurs when short-term rates are lower than long-term rates.
3. Inverted yield curve – Occurs when short-term rates are higher than long-term rates.

Yield-to-Maturity

The percentage rate of return paid on a bond, note, or other fixed income security if the investor buys and holds it to its maturity date. The calculation for YTM is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the bond will be reinvested at the same rate.

Diocese of Madison

Budgeting and Reporting

A budget is a systematic approach to parish finances which realistically estimates revenue and expenses and helps the parish to focus on ways in which to improve parish stewardship. The budget is the financial plan of action for the parish.

All parishes and parish organizations are required each year to develop an annual operating budget to help guide and monitor their financial operations during the ensuing fiscal year. Developing an operating budget requires little more than formalizing the parish's defined pastoral objectives in the form of a financial budget. This budget forecasts revenue and expenses for the fiscal year beginning July 1. The annual budget is prepared by the pastor in conjunction with the Parish Finance Council.

It is appropriate during the budget formation process for the pastor and Parish Finance Council to consult with and obtain input from parish financial staff and department/ministry directors or coordinators. For example, each ministry/department might prepare a preliminary budget for its area and forward this to the pastor for his approval. These departmental budgets are then used to prepare the final parish budget. If a parish has an elementary school, the parish budget includes the subsidy to the school's budget in the preparation of the parish budget.

When the annual operating budget is based on the *Annual Pastoral Plan* (see Section A. Annual Operating Budget – Preparation of the Annual Operating Budget – Step 1) of the parish and it is prepared with proper input, the budget can be an invaluable tool in helping the parish to follow its pastoral mission, by presenting a forecast for income and expenses to be pursued throughout the duration of the year.

The school budget should be approved by the Parish Finance Council and the Pastor by April 30. The parish budget's first draft is to be prepared by March 31 and the final version of the budget should be approved by the Parish Finance Council and the pastor by May 31.

A. Annual Operating Budget

Preparation of the Annual Operating Budget

Preparation of a parish budget should include the following steps:

1. Set objectives which are derived from the *Annual Pastoral Plan* as defined below.
    a. The *Annual Pastoral Plan* is a plan built to meet the pastoral needs of the parish and is developed by the Pastor in conjunction with the Parish Pastoral Council.

b. It describes specific strategies for how the parish will promote the spiritual growth of the parish community in the ensuing year.
c. By establishing budget expectations for program and ministerial development, this document forms the basis of the annual operating budget for the parish.

2. Estimate Operating Revenue and Expenses:

   Parish revenue and expenses usually do not significantly fluctuate from one year to the next. Estimating revenue for the next year includes influences such as growth in the community and the parish; the general condition of the local and regional economy; the stability of specific area industries which may be integral to the lives of parishioners; and other economic influences. Perhaps most important, though, when estimating both revenue and expenses, is for the parish to assess the financial impact of new or expanded programs/ministries which the parish hopes to implement during the next year and adjust its budget projections accordingly.

   The parish may find it helpful to better manage and project operating expenses by viewing them first in the context of broad categories such as payroll, fixed expenses, program expenses, other operating expenses, and capital projects. Then, once a general allocation of parish expenses has been defined, the parish can narrow the budgeting process to individual line item accounts.

   The budget should include an amount from the parish's excess operating revenue to be set aside for future capital maintenance projects and contingencies. Any capital projects which the parish anticipates beginning during the next fiscal year should also be accounted for in the parish's budget. Such projects may include replacement of roofs, flooring, renovation of buildings, repaving parking lots, etc.

   It is important for the Pastor and Parish Finance Council to review the final draft of the budget with the parish staff and department or program directors or coordinators, since it is these individuals who are responsible for operating within the budget projections. Once the budget has been adopted, a summary can be made available to all parishioners, at the discretion of the Pastor. Communicating the annual budget to the parish community explains to those who provide the majority of the financial resources to the parish how their donated monies are used. This in turn promotes confidence and trust.

Operating Results

It is desirable that parishes operate with revenue at least equal to operational expenses. After the parish revenue and expenses have been estimated during the budget formation process, the budget should be balanced, i.e., not show an operating deficit. If it is not balanced, review the budget criteria to determine in what ways the parish may increase its revenues or cut projected expenses.

Throughout this process, however, the budget should remain consistent with the goals and objectives of the parish's *Annual Pastoral Plan*. The Pastor is the final authority over the adoption of the parish budget.

Monitoring

Throughout the fiscal year, it is important that the pastor and the Parish Finance Council monitor on a monthly basis the parish and school's actual revenue and expenses against the budgeted amounts. This comparison helps to identify unapproved expenses or incorrectly posted transactions. Significant variances between budgeted and actual amounts should be investigated and explained. Managing the parish's financial operations in this way most likely will help the parish to end the year with an operating surplus.

B. Parish Financial Reporting

Monthly Report

On a monthly basis, every parish prepares a Statement of Activities (Profit and Loss Statement), a Statement of Financial Position (Balance Sheet), and a Year-to-Date Budget Performance report. These reports are sent directly to the pastor and Parish Finance Council members and reviewed on a monthly basis by the pastor and the Parish Finance Council, whether they meet in a given month or not.

Annual Parish Financial Report to the Diocese

Parishes are required to submit to the Diocesan Finance Office an Annual Parish Financial Report of their financial activities for the fiscal year ending June 30. The report is due at the Diocesan Finance Office by August 31.

Annual Report to the Faithful

In accordance with the provisions of Canon 1287 §2, parishes are required to provide parishioners with a report of the financial condition of the parish at least once each year. However, quarterly reporting is strongly encouraged. This report helps to increase parishioner awareness with regards to the financial operation of the parish and helps to reinforce the value of good parish stewardship. These reports are prepared, published, and presented to parishioners by the Pastor in conjunction with the Parish Finance Council (Please see Appendix A. Pastor – Sample – Letter to Parishioners on the Annual Report for a sample letter and form for presenting the annual report to the parish titled).

Reporting by Parish Organizations and Societies

Each parish society, organization, or group operating in the parish prepares a written report to the pastor at least annually as of June 30 each year. This report includes at least the following:

1. A summary of the activities of the society, organization, or group during the year.
2. A financial summary that begins with the cash balance of the society, organization, or group as of the beginning of the year, plus the receipts received during the year, minus the disbursements made during the year, and ending with the reconciled cash balances as of the end of the year.

Reporting by Parish Schools and Pre-Schools

Parish schools and preschools are important ministries of the parish and play a significant role in the financial stability of the parish. Schools must prepare financial reports on a monthly basis for review by the pastor and the Parish Finance Council. The goal of these reports is to portray accurately the financial status of the school and/or preschool. At a minimum, such reports include a Statement of Activities (Profit and Loss Statement), a Statement of Financial Position (Balance Sheet), a Year-to-Date Budget Performance report, and a report of the status of tuition collection (accounts receivable) and fund raising efforts by the school and its support groups.

Schools also complete an *Annual School Financial Report* for the Diocese of Madison. In addition to budget details for a fiscal year, this report supplies information about student enrollment, scholarship assistance, bank and investment accounts, and the condition of the school.

C. Parish Financial Review

It is expected that Parish Financial Reviews (see Finance – Parish Financial Review) will be performed on a regular basis and when there is a change in pastors. The frequency of the review will be dependent on the condition of the parish's books and records. The reviews will be performed by either an independent accountant or a staff member from the Diocesan Office of Finance, Department of Parish Administrative Services. The goal of the review is to assist the pastor and parish in ensuring that proper stewardship of parish assets is achieved through the use of standard financial procedures and practices. These standard financial procedures and practices are often referred to as internal controls. Following this visit, a comprehensive report is provided to the pastor with commendations and recommendations. A follow-up meeting with the pastor and the Parish Finance Council is designed to assist the pastor and Parish Finance Council with the implementation of recommendations. The Director of Parish Administrative Services is available to assist the pastor, bookkeepers, and other members of the parish to review, clarify, and create financial procedures that assist in the temporal organization of the parish.

Diocese of Madison

Financial Reporting to Parishioners

A key to effective management of any organization is the timely dissemination of relevant information to the correct users. This is particularly true with regard to financial management in a parish. The key words in that management principle are timely, relevant, and correct. The basic reason for the financial report, especially the annual report, is to provide evidence to the parishioners that the parish is being operated in a financially responsible manner. The annual report is directed to the parishioners.

The amount of detail to be provided to parishioners varies from parish to parish as does the frequency with which the information is provided. As a general rule, the more frequent the report to the parishioners, the less comprehensive is the data that is provided. Most parishioners prefer brief summary data and do not bother to read more detailed financial reports.

Many parishes find it useful to provide weekly information to parishioners on revenues, indicating the revenue received and the revenue that had been anticipated in the budget. The assumption is that there is a balanced budget, and the implication then is that if revenues are less than anticipated, the parish won't be able to meet its obligations. An obvious additional reason for presenting these data when the actual revenues are less than anticipated is to encourage parishioners to increase their contributions. This kind of report is often included in the parish bulletin and has the following format:

	Actual Revenue	Budgeted or Prior Years Revenue	*(If using Budget Figures)* Over / (Under) Budget
Last Week	X	Y	X minus Y
Year to date	W	Z	W minus Z

In addition to the simple revenue report, parishes may choose to provide other interim reports, perhaps monthly or quarterly, that summarize revenues and expenses. Depending on the amount of information provided, this can be included as a brief paragraph in the bulletin or as a separate insert. The basis for this kind of report is the interest of the parishioners, or the interest of the parish leaders, to make sure the parishioners are aware of the parish's financial condition.

It is recommended that parishes issue an annual financial report to the entire parish community. This report should be a comprehensive summary of the past year's financial activity. There are two major components to this report: the statement of financial position (balance sheet), and the statement of activity (income statement). The statement of financial position should summarize the assets, liabilities, and net assets or equity of the parish. While the statement of financial position must address the financial condition as of the end of the Fiscal Year (June 30), a parish may wish

to include a comparison column for the previous year. Most entries on the statement of financial position are straightforward. The value of plant and property is usually included under fixed assets.

The statement of activity should include the parish financial activities for the period and may be used for reconciling the beginning and ending net assets or equities. The revenue section should include all parish revenues with a rough breakdown by category. There are several ways to display the expenses. One way is to indicate expenses by account categories. This is a more traditional approach. A second way is to list expenses by program. This provides meaningful feedback related to the mission of the parish. It is more common to include previous year and budget comparisons for the revenues and expenses.

Any data on the statement of financial position or the statement of activity that is not clearly described by the titles or accounts used should be disclosed in notes to the financial statements. This might include special restricted funds or other items that would otherwise fall in a more general category.

The annual financial report to the parishioners should be issued no later than three months after fiscal year-end, or September 30. Please refer to Appendix A. Pastor – Sample – Letter to Parishioners on the Annual Report

Diocese of Madison

Parish Financial Reviews

The primary role of a parish financial review is to aid Pastors in fulfilling their canonical and legal financial responsibilities. An effective parish financial review will help safeguard the assets of a parish, assess recordkeeping, assess accounting and financial reporting of the parish, identify opportunities for improvement, and will report findings and observations to the Pastor and the Bishop of Madison. Furthermore, a parish financial review provides an independent review and verification that the parish is complying with laws and policies of the diocese and is making economical and efficient use of its resources. Although an effective parish financial review does not guarantee thefts will not occur, the examination will enhance the opportunity for detection and thus serve as a significant deterrent.

A. Benefits

Benefits of a parish review are as follows:

1. Detection and deterrence of maladministration
2. Standardization of accounting practices
3. Increased diocesan oversight / opportunity for guidance and assistance
4. Increased financial awareness at the parish level
5. Increased transparency and accountability to the diocese and to the Christian faithful

B. Requirement

Parishes have developed their own financial management practices over the years. They have often had little guidance in the past and have had to rely on their own experience and initiative. The Parish Administrative Manual is intended to provide some of that needed guidance. The specific purpose of a parish financial review as described in this chapter is to provide a mechanism to help parishes in their internal financial management. To formalize that process and to achieve the goal of consistent financial accountability, each parish in the Diocese of Madison shall be subject to a parish financial review on a periodic basis. The parish financial review will occur throughout the year and not necessarily at the end of a fiscal year. The reviews will be performed by either an independent (external) accounting firm or a staff member from the Diocesan Parish Administrative Services. The expected review interval of the parish financial review will be determined based upon the results of any previous financial reviews, the condition of the books and records and/or a change in Pastor/Priest Administrator.

Notwithstanding the foregoing, the Bishop of Madison has the authority to mandate or approve an unscheduled financial review at any time for any reason.

C. Administrative Procedures of a Formal Parish Financial Review

Pre-visit Procedures

1. The Department of Parish Administrative Services will prepare a tentative list of parishes to be scheduled for a formal financial review in the given fiscal year with a rough timetable for on-site visits.
2. Approximately two months prior to the tentative on-site visit, the Department of Parish Administrative Services will review the parish financial reports and other parish information on file at the Finance Office to develop a general familiarity with the parish. Following that review, the reviewer(s) will contact the Pastor/Priest Administrator to arrange firm dates for the on-site visit. After dates are arranged, the designated reviewer will confirm those dates with the Pastor/Priest Administrator.
3. The reviewer(s) will send a copy of Appendix C. Accounting – Parish Internal Control Questionnaire to the Parish Bookkeeper and Pastor/Priest Administrator with instructions that it be completed and returned to the reviewer no later than one month prior to the scheduled on-site visit.
4. On receipt of the Appendix C. Accounting – Parish Internal Control Questionnaire, the Pastor/Priest Administrator will consult with the trustees, Parish Finance Council, bookkeeper/accountant, and other persons involved in the financial management of the parish to develop a plan for completing the questionnaire. The Pastor/Priest administrator shall forward the completed questionnaire so it arrives at the Department of Parish Administrative Services no later than one month prior to the scheduled on-site visit.
5. On receipt of the completed Appendix C. Accounting – Parish Internal Control Questionnaire, the reviewer(s) will examine it and determine if there are any major questions that need to be answered prior to the on-site visit. If so, the reviewer(s) will contact the Pastor/Priest Administrator to resolve any discrepancies. At this time, the reviewer may request a copy of the parish QuickBooks file and other documentation. Unless it has been previously arranged, the reviewer(s) will contact the Pastor/Priest Administrator no later than two weeks prior to the on-site visit to determine which parish personnel should be present during the on-site visit.

Areas of Interest

1. Cash
2. Petty cash
3. Auxiliary accounts
4. Bank accounts and signature cards
5. Investments
6. Accounts receivable

7. Payroll and benefits
8. Loans
9. Accounts payable
10. Bank reconciliations
11. Offertory procedures
12. Tax reporting and filings
13. ACH, EFT transactions
14. Net asset classifications
15. Related party transactions
16. Employee loans
17. Contracts
18. Facility usage
19. Passenger vans
20. Parish's use of medical professionals
21. Any other areas as requested

Report Procedures

1. The reviewer(s) will prepare a brief summary narrative of the work performed, noting the exceptions and conclusions reached as well as any preliminary recommendations before leaving the parish. These results may be presented at a meeting with the Pastor/Priest Administrator and other parish personnel at the end of the on-site visit. (This information may be exchanged in one or more meetings as appropriate.) This meeting also provides an opportunity for involved personnel to offer input as to how they can or cannot carry out the recommendations.
2. Within four to six weeks of the actual site visit, the reviewer(s) will prepare a Parish Financial Review Report of the visit with detailed findings, conclusions, and recommendations about the financial condition of the parish and the current financial management practices. The report will also be presented to other diocesan personnel with parish or school responsibilities.
3. The approved report will be sent to the Pastor/Priest Administrator within six weeks of the on-site visit. The approved report will be retained in the official parish files in the Director of Parish Administrative Services.
4. Within three months of receipt of the approved Parish Financial Review Report, the Pastor/Priest Administrator shall notify the Director of Parish Administrative Services of any corrective action taken with regard to the major issues included in the recommendations of the report. Reports of additional action are encouraged but not required.

D. Parish Request for Financial Review for any Reason

A parish may request a financial review, for any reason and at any time. If the parish wishes that the review be performed by the Department of Parish Administrative Services, the Pastor should contact the Department of Parish Administrative Services as soon as possible to discuss. If, however, the parish prefers that the review be performed by an external accounting firm, we ask that the Pastor inform the Diocese of the circumstances surrounding the review as soon as possible, and forward to the Diocese, within 10 days of issuance, the Parish Financial Review Report. Please note that under the Wisconsin State Statutes (187.19), each Catholic parish is organized as a separate corporation with the Bishop of Madison as president. Thus, it is understandable that the Bishop must be informed of significant happenings at each parish. The external accounting firm hired for the review, should ask the Pastor if the Diocese has been informed of the requested review. If the Diocese has not yet been notified of the review, then the external accounting firm will inform the Diocese of Madison, Director of Parish Administrative Services of the review status, as well as supply the Diocese with a copy of the issued Parish Financial Review Report.

Diocese of Madison

403(b) Plan Administration

A 403(b) plan is a retirement plan for 501(c)(3) tax-exempt organizations. A 403(b) plan allows employees to contribute some of their salary to the plan. The parish/school may also contribute to the plan for the employees. There are significant tax advantages for participants in a 403(b) plan, including pre-tax contributions to a 403(b) plan and earnings on these amounts are not taxed until they are distributed from the plan.

A 403(b) plan must generally allow all employees to make elective deferrals to the plan. Under the universal availability rule, if an employer permits one employee to defer salary by contributing it to a 403(b) plan, the employer must extend this to all employees. However, the following exceptions describe limited situations in which employees may be excluded:

- Employees who will contribute $200 or less annually
- Nonresident aliens
- Employees who normally work less than 20 hours per week; once an employee has reached a 1,000 hours in a 12-month period this exemption no longer applies

If you haven't given eligible employees the opportunity to participate in your 403(b) plan when they should have, please contact Parish Administrative Services at 608-821-3024 to correct this mistake.

A 403(b) plan must be maintained under a written program which contains all the terms and conditions for eligibility, benefits, limitations, the form and timing of distributions and contracts available under the plan, and the party responsible for plan administration. 403(b) written plan documents must be updated as of December 31, 2009. Your plan administrator would have been responsible for sending updated plan documents to you. If you believe the parish does not have updated plan documents, please contact your 403(b) investment company.

Universal eligibility requires the plan to give meaningful notice to the employees of their right to make elective deferrals. The notice must notify the employees of:

- Their right to make elective deferrals
- When to make an election
- When and how often during the year they can change that election

Best Practice – Each eligible employee not already enrolled in the 403(b) must annually sign a document indicating whether or not they plan to participate and acknowledging they received an offer to participate.

Diocese of Madison

Scrip Fundraising

Many parishes utilize Scrip as a fundraiser. Parishioners purchase Scrip from the parish, which they then use at stores and restaurants such as JC Penney, Kohl's, or Olive Garden. Scrip proceeds are also commonly used to pay utility bills. There are literally hundreds of businesses nationwide that participate in the Scrip program. When parishioners purchase items with Scrip, the parish receives a small percentage as the fundraiser contribution.

People order Scrip from the parish, which in turn orders Scrip from a company such as Great Lakes Scrip Center. The Scrip then arrives at the parish to be picked up by or distributed to parishioners and school families.

In a typical scrip program, the parish or school is entitled to retain the difference between the face value of the scrip and the discounted purchase price ("scrip rebate"). For example, if scrip is sold at its face value of $100, and the parish/school purchased the scrip at a 10% discounted rate of $90, the parish or school would be entitled to retain $10 as scrip rebate.

A. Tax Issues: The IRS and Scrip

Scrip is considered additional income compared to the traditional forms of revenue that a parish/school receives such as contribution envelopes and tuition. Since this additional revenue can be considered taxable by the IRS, it is **required** that the Scrip program is maintained by **volunteers** in order to avoid any possible taxation.

The IRS considers Scrip fundraising activities as a trade or business. The profits made from the activity are exempt from income tax when the number of volunteer hours is at least 85% of the total number of hours it takes to run the program. In a letter dated December 3, 1998, the IRS stated, "It is the responsibility of each participating parish or school to maintain any records necessary to show that this is in fact the case."

All Scrip programs must maintain a record of the hours compiled for each volunteer and paid employee. At the end of the fiscal year, June 30, a calculation must be made to see if the program meets the "85% test." If the paid hours exceed 15% the total hours, IRS Form 990-T must be prepared and tax paid on the profits. Filing this tax return is a significant burden but can be avoided with proper planning.

Note: parishioners do not receive gift acknowledgement letters for purchases of Scrip since parishioners are receiving dollar for dollar value.

B. Scrip Volunteers

The term, volunteer, refers to anyone not receiving a form of compensation for time worked for the Scrip program. Anyone volunteering to work for the Scrip program should not receive money, Scrip, or any additional tuition benefit above and beyond the typical tuition credit applied to families participating in the program.

C. The Safeguarding of Scrip

Scrip can be an excellent fundraiser if it is properly handled and safeguarded. Since Scrip is an alternative form of currency, it should be treated as cash. Accordingly, parishes should practice safe procedures in the handling of Scrip. The following procedures should be followed:

Scrip certificates must be stored on parish or school premises. Scrip should be stored in a safe which is locked at all times. The safe should be kept in a non-obvious secure area on parish premises. Allowing Scrip to be stored in an individual's home creates risk both to the parish/school and the individual.

1. Parishioners participating in the program should pick up Scrip at the parish in a centralized location. Scrip can be sent home from school with a person's son or daughter if the person signs a waiver providing the parish permission to do this (see Appendix D. Human Resources – Sample – Permission for Delivery of Scrip and Waiver of Claim).
2. A large inventory of Scrip should not be maintained. Scrip can be received from the National Scrip Center (or other Scrip clearinghouses) in one day by airmail.
3. Scrip inventory must be accounted for in the parish/school balance sheet and should be recorded at cost.
4. Adequate bookkeeping that tracks the purchase and distribution of Scrip is required. At least two people should have dual responsibility for the maintenance of Scrip records. When a parish receives an order of Scrip, serial numbers should be recorded. In the event that Scrip would be lost or stolen, the recording of the serial numbers would allow the parish to quickly identify which Scrip was missing. Local stores could then be alerted to watch for the stolen Scrip.
5. Scrip records should be audited or reviewed by the parish finance committee on a regular basis. Additionally, the Scrip records should not be stored with the Scrip, but in a separate area.

Employees of the parish/school are responsible for assisting in the safeguarding of Scrip. Responsibilities for safeguarding Scrip include supervising inventory counts and creating disbursements. A separate checking account should also be used for Scrip sales. As with all parish/school accounts, the Pastor must have signature authority on the Scrip account. **An employee should be responsible for reconciling the Scrip checking account.**

Diocese of Madison

Parish Accounting

Accounting for the financial activity of a parish requires the methodical gathering, recording, verifying, summarizing, and reporting of the parish's financial activity. In an operation as complex as a parish, there is a clear need for an orderly means of tracking the financial activity of the Church. By utilizing a methodical accounting and bookkeeping system, we encourage faithful stewardship.

The Diocese of Madison and all parishes operate on the basis of a fiscal year (a business year), from July 1 through June 30. Records are kept of all monetary transactions in the daily operation of the parish, both of money coming in (revenue) and going out (expenses). Parishes are required to maintain their financial records in accordance with this fiscal year schedule.

The one exception to the above accounting cycle is payroll. Payroll is maintained on a calendar year basis. Accordingly, all payroll records and documentation are organized, filed, and stored by calendar year.

A. Basis of Accounting

In the world of accounting, there are three bases for accounting. They are:

1. Cash Basis – Cash based accounting is a method of accounting whereby income is recorded when it is received and expenses are recorded when they are paid.
2. Accrual Basis – Accrual based accounting is a method of accounting whereby income is recorded when it is earned and expenses are recorded when they are incurred.
3. Modified Cash Basis – Modified cash based accounting is a melding of the cash basis and accrual basis. With this method, transactions are recorded primarily on the cash basis, with the exception of payables (expenses), which are recorded on the accrual basis.

Our goal has been, and continues to be, the supplying of solid financial information to the Pastors and their Finance Councils, so that they may make sound financial decisions. Since the Catholic parishes are exempt from certain reporting standards, we can make modifications based on our own particular laws and any recommended USCCB standards which usually align with specific GAAP standards (like depreciation). Therefore, the parishes in the Diocese of Madison have a choice of using either the Accrual Basis as described above or the Modified Cash Basis, with modifications for investment income/loss, capitalization and depreciation of fixed assets, recognition of long term liability, and, only if they choose, A/P.

B. Chart of Accounts

Parishes are to use the standard parish chart of accounts that is provided by the Department of Parish Administrative Services. Following the standard chart of accounts for parishes will ensure that the parish's financial reports are consistent with the diocesan reporting format and will greatly simplify the process of preparing the Annual Parish Financial Report.

C. Accounting Systems

Parishes are now using QuickBooks, a computerized accounting system that has proven to be the most practical and efficient way of managing parish finances. QuickBooks is accurate, easily learned, user friendly, handles parish budgets, and produces reports that conform to the annual reporting requirements of the diocese.

In order to protect the financial information in QuickBooks, data must be saved daily and stored off-line in an external media. While it is possible to store daily activity in the hard drive, such a choice leaves the vulnerability that if the computer "crashes", all work will be lost. Therefore, the strongest recommendation is to store daily activity in an off-line media. To backup QuickBooks on a daily basis click on "File", then click on "Backup" and in this window set the number of times the system is to automatically back up the books. Storage off-line may be placed on a plug-in flash drive, or to the QuickBooks storage system. The Department of Parish and School Financial Services is available to assist the parishes with QuickBooks and to help the parishes stay up-to-date with the latest QuickBooks software.

D. ParishSOFT

While the Diocese of Madison has standardized on QuickBooks for accounting purposes, it has also standardized on ParishSOFT for the maintenance of census and Sacramental records. Since individual parishioner records are maintained on ParishSOFT, the parishioner contributions will also be recorded here. Thus, the year-end parishioner contribution reports will print from ParishSOFT.

E. QuickBooks Interface with ParishSOFT

It is imperative that the financial contribution information recorded in ParishSOFT ties exactly to the financial information recorded in QuickBooks. We have worked to ensure that the account numbers used to code parishioner contributions in ParishSOFT matches the account numbers used in QuickBooks. Weekly collections should be counted by the parish count teams, deposited into the bank, and then recorded into ParishSOFT using the envelopes. When completed, the total revenue should tie to the deposit slip. ParishSOFT will then produce a report summarizing the offertory collection by account number. This report should be used to record the offertory income into QuickBooks. QuickBooks totals should tie to the deposit slip, as well as ParishSOFT totals.

F. Parish Financial Reviews and Assistance

We expect that Parish Financial Reviews will be performed on a regular basis and when there is a change in Pastors. The frequency of the review will be dependent on the condition of the parish's books and records. The reviews will be performed by either an independent accountant or a staff member from the Department of Parish Administrative Services. The goal of the review is to assist the Pastor and parish in ensuring that proper stewardship of parish assets is achieved through the use of standard financial procedures and practices. These standard financial procedures and practices are often referred to as internal controls. Following this visit, a comprehensive report is provided to the Pastor with commendations and recommendations. A follow-up meeting with the Pastor and the Parish Finance Council will be scheduled to review the report. The Department of Parish Administrative Services is available to assist the Pastor, the Parish Finance Council, and the bookkeeper with the implementation of recommendations.

Diocese of Madison

Parish Cash Management

The handling of cash is a primary concern of financial control in any organization. Therefore, establishing good procedures and internal controls for the handling of cash is more important than in ANY other area of parish finances. “Internal control” refers to the degree of cross-check between different individuals with responsibility related to a given transaction. When a proper system of internal controls over cash is enforced, more than one person will be involved in every transaction involving cash. This provides the needed cross-check of one to the other for the protection of the parish, the individuals responsible for handling cash, and accuracy in recording cash. It is essential that good internal controls be maintained in all aspects of cash procedures.

A. Bank Accounts and Their Security

It is best to record all of the parish’s bank accounts (checking and savings) including all parish ministries, societies and organizations on one set of books, i.e., within one QuickBooks company. The parish, as a single entity, structures its books and financial reporting system as one entity, with all of its cash and bank accounts in one all-inclusive set of books. The practice of establishing multiple QuickBooks companies to accommodate multiple cash accounts isolates and disconnects various portions of the parish from each other, when in fact each portion is integral to the parish as a single, whole, and complete entity. The result of dividing the financial reporting system into two or more disconnected sets of books is that the parish’s financial reports become distorted and incomplete, unless the financial reports of every one of the parish’s QuickBooks companies are printed concurrently and then manually consolidated into a single combined report.

The security of parish financial systems is of great concern. In the high tech global economy in which we now live, exposure to loss is surfacing in new ways every day. Parishes are exposed to the risk of fraud in greater numbers, especially in the area of check fraud. As good stewards, we must continue to protect parish assets by strengthening our defenses against these dishonest practices. We cannot assume that losses will be covered by someone else, i.e. banks are frequently no longer automatically responsible for absorbing losses on fraudulent checks, especially if they are not informed of a fraudulent check or theft in an account within twenty-four hours of clearing the account! This means that the parish may lose any money fraudulently obtained from parish accounts. In some cases this has cost parishes tens of thousands of dollars.

The following procedures are strongly recommended for implementation as may be practical and appropriate to protect the funds of your parish, school, or cemetery:

1. Daily, first thing in the morning, review the bank accounts online and verify that all charges to each account were authorized by comparing them to the check register or other supporting documentation. Report immediately to your bank any unauthorized items.
2. Do not have Overdraft Protection active on your checking account(s). This way any large fraudulent items will not be automatically covered by the bank, but you will instead get a call from the bank.
3. If your checking account has had any fraudulent activity, immediately close the account and open a new account.
4. Do not maintain large balances in your checking account, but instead keep these balances to a minimum. This will prevent any unforeseen large checks from being paid by the bank, and you will instead get a call from the bank.
5. Review paid checks immediately upon receipt of your bank statement and reconcile your bank accounts within a week of receiving the statement so that any unauthorized items are identified.
6. Secure blank check stock.
7. Access to the accounts by the bookkeeper should be extremely limited without the ability to access the money or transfer funds. If access cannot be limited to "View Only," then the bookkeeper should not have direct access to the accounts.

B. Authorization for Bank and Cash Accounts

All checking and savings accounts that are maintained by the parish should be established under the name of the parish corporation and authorized by the pastor.

C. Account Signers

The pastor must be an authorized signer on ALL parish bank accounts.

Basic internal control principles require that a person responsible for maintaining the parish books may not have check signing authority. This proper segregation of duties precludes all parish financial staff from signing parish checks.

The use of a signature stamp or a signature plate for the purpose of check signing is highly discouraged.

D. Bank Reconciliations

Unopened bank statements are given to the Pastor or at his direction to a member of the Parish Finance Council to open and review as soon as they arrive in the mail. This review includes thumbing through the checks looking for unauthorized or altered signatures; a quick look at the payees to determine that all enclosed checks were issued to authorized payees; a search for checks which are of a different style (shape, color, and size) than those of the parish account; a review of the bank statements to determine that all cleared check numbers are within the

number sequence of checks currently in use by the parish; as well as a general review of the bank statement account balances, deposit transactions, cash transfers, etc. for reasonableness. Following this procedure will help discover bank errors and the issuance of any unauthorized checks.

Once the bank statements are properly reviewed, they are given to the bookkeeper to be reconciled. Bank statement reconciliations are performed on all cash accounts each month. The bookkeeper includes a clear explanation of all adjusting entries on a detailed bank reconciliation report, which is printed and attached to the bank statement and returned to the Pastor or at his direction a member of the Parish Finance Council to review and approve in writing. The summary report option found in the QuickBooks bank reconciliation process is not used, as this report does not provide sufficient transactional detail. Please see Appendix C. Accounting – Sample – Bank Statement Review. To facilitate the retrieval of canceled checks, file them in a check storage box in numerical order.

E. Transfers between Cash Accounts

Transferring funds between cash accounts requires the same level of security as signing checks. Only persons authorized to sign on the checking accounts are authorized to transfer funds between accounts. Please see Appendix C. Accounting – Sample – Request for Transfer of Funds, which may be used by a bookkeeper to obtain approval for transfers between money market and checking accounts. Likewise for any check requests that are not supported by invoice approvals, a Check Request Form should be completed and signed for approval by the pastor prior to the making of the check. This form is available in Appendix C. Accounting – Sample – Check Request Form.

Transfers between cash accounts that are on the same set of books (i.e., within the same QuickBooks company) are recorded as a debit to the account to which the funds are being transferred, and a credit to the account from which the funds are being transferred. If such a transfer is done by issuing a check from the transfer-from account, this account will be automatically credited when the check is recorded. Caution: since the transfer transaction has already been recorded at the time the check from the transfer-from account was written, it is not necessary to record the transaction a second time as a deposit in the transfer-to account; the deposit entry has already been posted.

F. Outstanding and Voided Checks

Outstanding checks (checks that have not cleared) that are more than six months old should be voided, and re-issued if necessary. Voided checks that the parish has in its possession are not destroyed but marked “Void” across the face of the check and filed with other cancelled checks in the check storage box.

G. Imprest Petty Cash Fund

It is a good practice for parishes to have an imprest petty cash fund on hand to pay incidental expenses such as postage due, etc.

Establishing the Fund

An imprest petty cash fund is established by adding/activating a cash account called "Petty Cash" to the chart of accounts and then issuing a check made payable to "Petty Cash – (Employee Name)" for an amount that would reasonably accommodate the petty cash needs of the parish. The initial check is charged to the petty cash account number on the parish books when the check is written. The check is then cashed at the bank, and the cash kept in a secure, locked box and stored in a secure location such as a locking file cabinet or a safe.

Responsible Party Acknowledgment Receipt

The petty cash box usually remains in the custody of one person. The custodian is responsible for ensuring that adequate control is maintained over the fund, that approved receipts are returned to the custodian of the fund, and that the fund remains in balance. Using Petty Cash Vouchers, any person needing petty cash from the box completes an approved petty cash voucher and gives it to the custodian of the fund for the amount needed. Once the purchase has been made, the purchaser returns with any petty cash "change," along with the receipt of purchase, which he or she has signed and coded, and gives both to the petty cash custodian. The custodian then removes the voucher and replaces it with the actual purchase receipt and the change. In this way, the total of vouchers, receipts, and cash will always total the initial amount in the fund.

Replenishing the Fund

When the cash balance of the fund needs replenishing, the receipts are categorized and totaled according to type of expense (e.g., postage, office supplies). Then, a check, payable to "Petty Cash – (Employee Name)," is issued for the total amount of accumulated receipts. This check is charged in the appropriate amounts to the various expense categories represented by the receipts. The individual receipts are then canceled with some evidence of payment made, so as to prevent them from being reused. This cycle is repeated as necessary.

H. Parish Ministries, Programs, and Fund Raising Groups

Parish ministries, programs, and fund raising activities are part of the normal operations of every parish. It is inappropriate for the parish to hold funds which are related to these activities in trust. Rather, the income that is derived from these activities is considered to be parish revenue and recorded as such on the parish books. Similarly, expenses related to parish ministries, programs, or fund raising activities is recorded on the parish books as expenses in the appropriate department or cost center.

In general, avoid having more checking and savings accounts than is necessary. Occasionally, ministries, programs, or fund raising groups find it convenient to have their own checking account. Generally, though, such accounts can be avoided by having such ministries, programs, or fund raising groups submit their receipts to the parish office to be counted each week by the collection counting team. Their invoices are also given to the parish bookkeeper to be processed for payment. In this way, all the receipts and disbursements related to these activities will be properly accounted for on the parish books, without the need for additional cash accounts.

If exceptional conditions call for any parish ministry, program or fund raising group to have its own checking account, the Pastor must be a signer on the account, and the account added to the parish books. The use of the account is limited, and all the transactions in the account are posted on the parish books. The unopened bank statement from such accounts is given each month to either the Pastor or a member of the Parish Finance Council to review, and then to the parish bookkeeper to reconcile.

I. Endowment Accounts in The Catholic Diocese of Madison Foundation (CDMF)

Some parishes and schools have established endowment accounts with the CDMF. To record the initial transfer of funds to the CDMF in the financial statements, please contact the Director of Parish Administrative Services. When recording investment gains and losses related to the endowment accounts invested in the CDMF, please follow the Recording Investment Gains & Losses.

J. Friends Of…Matching Contributions

Each year, corporations donate about $15 billion to nonprofits in the United States, with much of that coming from matching gift programs for their employees. Matching gift programs give employees a voice about where their employer spends its corporate giving dollars. Most firms match employee charitable contributions at a 1:1 ratio.

However, both privately and publically held corporations may elect to restrict contributions to public charities that promote religion and worship, but at the same time are willing support private education operated by religious organizations. Therefore, in collaboration with diocesan legal counsel, the Diocese of Madison has forged a solution which includes the formation of a special purpose corporation (integrated auxiliary) known as a "Friends of …" Corporation, on behalf of the parish, to accept receipt of corporate matching gifts that directly support education.

Only the Bishop of Madison may create one of these "Friends of …" Corporations, which have their own legal structure and Federal Employer Identification Number.

Formation of a "Friends of…" entity is done at the request of the pastor and the Diocesan Superintendent of Schools. The Diocese of Madison – Office of Finance will organize the corporation including:

1. Articles of incorporation and applicable filings with the State of Wisconsin;
2. Corporate bylaws;
3. Application of employer identification number;
4. Various federal IRS filings to ensure proper status as a tax exempt organization as well as an integrated auxiliary of the parish corporation thereby eliminating the need to file IRS Form 990.

While the "Friends of…" corporations are organized by the Diocese of Madison - Office of Finance, the day-to-day operations are controlled individually at the parish level. In turn, donations pass through these "Friends of…" corporations directly to the parish school as restricted net assets, to be used specifically for the educational purposes of the school. There are no tax consequences surrounding use of these corporations, they simply operate as a portal through which funds are received and disbursed for legitimate education of students.

After a Federal Identification Number has been obtained and provided to your parish (along with the articles of incorporation and bylaws), you are encouraged to establish a depository (checking or savings) account with a local financial institution in the legal name of the "Friends of…" corporate entity in which the pastor and trustees are signers on the account.

Funds may remain in the "Friends of…" account for as long as desired. The "Friends of…" account should only be used if the donor contribution is being matched by another entity that is otherwise prohibited from making a matching donation the Church. The effort is to afford the parish all possible avenues to obtain donations, but minimize the traffic which the "Friends of…" corporation experiences. If traffic is too high, due to unnecessary deposits of non-restricted donations, as expressed below, there may be unintended tax consequences. To determine where funds should be donated, use the following steps:

1. If a donation is not matched, have it sent to the *parish corporation.*
2. If a donation is matched, but the employer is not prohibited from making a matching donation the Church, have it sent to the *parish corporation*.
3. If a donation is matched and the employer **is prohibited** from making a matching donation the Church, have it sent to the *"Friends of …" corporation*.

Donors go through three steps to submit matching gifts to a "Friends of…" corporation:

1. Determine if their employer or their spouse's employer offers a matching gift program that is prohibited from making a matching donation to the Church.
2. Make a donation to a nonprofit "Friends of …." corporation.
3. Locate and submit the appropriate matching gift form.

To process the receiving of funds to the "Friends Of…" entity or corporation follow these steps:

1. Communicate matching gift information to donors.
2. Receive the matching gift form, which a donor fills out using a paper form or electronically.
3. Verify that the individual made the donation to the "Friends of …" corporation and submitted the form to the company.

To record activity surrounding "Friends of…" corporations and transference of funds to the parish utilize the following:

Friends of receiving donations

	Debit	Friends of _____ School Checking
	Credit	Restricted Friends of School Donations

Friends of issuing check to parish

	Debit	Distribution of Restricted Donations
	Credit	Friends of _____ School Checking

Parish receiving distributions

Debit	11100XX	Parish Operating Fund
Credit	4966X	Restricted Friends of School Donations

If you receive notices from the IRS or the Wisconsin Department of Revenue ("WDR") regarding taxes or other necessary filings, please contact the Diocese of Madison – Office of Finance. Most if not all requirements set forth by the IRS and WDR are to be handled by the Diocese.

For questions about or assistance in setting up a "Friends of…" corporation, please contact the Superintendent of Schools of the Diocese of Madison. For further consultation in the recording of contributions and matching contributions in regard to the "Friends of…" corporation, please contact the Director of Parish Administrative Services.

Diocese of Madison

Parish Taxes

A. IRS Form W-7 – Application for Individual Taxpayer Identification Number

Use IRS Form W-7 to apply for an IRS individual taxpayer identification number (ITIN). An ITIN is a nine-digit number issued by the U.S. Internal Revenue Service (IRS) to individuals who are required for U.S. tax purposes to have a U.S. taxpayer identification number **but who do not have, and are not eligible to receive, a social security number (SSN).** Also, each parish should have an Employer Identification Number (EIN) issued to it by the IRS. This number is used to report payroll taxes and withholding to the IRS.

B. Payroll Taxes

As a parish, you are required to withhold and pay federal and state payroll taxes. For lay employees, you must withhold federal and state income tax, Social Security, and Medicare tax (FICA) from their paychecks. Even if your church only has ministerial employees, you still may have to withhold income tax, if your minister has elected voluntary income tax withholding on IRS Form W-4. Each employee, including priests, if they have elected voluntary income tax withholding, must complete IRS Form W-4 and WI Form WT-4.

Employee portion of Social Security and Medicare tax withheld:

Social Security tax	6.20% of gross wages
Medicare tax	+ 1.45% of gross wages
Total employee portion	7.65% of gross wages

Your parish must withhold Social Security and Medicare tax from your lay employee payroll checks. The amount of the matching federal payroll taxes is:

Social Security tax	6.20% of gross wages
Medicare tax	+ 1.45% of gross wages
Total parish portion	7.65% of gross wages

Total Social Security and Medicare tax withheld = 15.3%

C. Unemployment Tax

Churches are exempt from federal unemployment taxes. The Diocese of Madison does not participate in the state unemployment program (see Human Resources – Required Employment Forms and Filings – Section D. Church Unemployment Pay Program – CUPP).

D. IRS Forms W-2 and W-3 – Wage and Tax Statement and Transmittal

IRS Form W-2 is required to be furnished to all employees. For purposes of filing year-end information returns, priests assigned to parishes (excluding priests who help out occasionally) are considered employees of the parish, and IRS Form W-2 must be furnished to the priest, along with all others who are employees of the parish. **Diocesan Priests should receive an IRS Form W-2** from his residence parish reporting his taxable income, which includes salary, stipends, Social Security supplement, and the meal, car and education allowance. (Exception to Form W-2 – Religious Society Priests – please contact the Director of Parish Administrative Services for these exceptional cases).

IRS Form W-2 shows the IRS, the Social Security Administration, and the employee the amount of wages and withholding for the year. IRS Form W-3 is the cover page for all IRS Forms W-2 that will be submitted to the Social Security Administration. It summarizes the total wages and withholding included on all IRS Forms W-2. If you have paid employees, you must prepare IRS Forms W-2 and W-3 each year. IRS Form W-2 has at least three copies. Copy A has preprinted red boxes and must be submitted to the Social Security Administration along with IRS Form W-3. Copies B and C have preprinted black boxes and are given to the employee. Your parish should also keep a copy of each IRS Form W-2 on file. When preparing IRS Form W-3, it is very important that the totals on IRS Form W-3 match the sum of totals on the four Quarterly 941 Forms or the Annual 944 Form.

Copy B and C of each employee's IRS Form W-2 should be postmarked by January 31. Copy A of all IRS Forms W-2 and Copy A. of IRS Form W-3 should be sent to the Social Security Administration and postmarked by the end of February. Notice that your parish does not send a copy of IRS Forms W-2 and W-3 to the IRS. Instead, the Social Security Administration shares IRS Forms W-2 and W-3 information with the IRS. Your parish does not have to send copies to both agencies.

Use the due dates as an advantage by distributing IRS Form W-2 to your employees as early in January as possible, and Copy A to the Social Security Administration later in February. This gives a window of opportunity to find errors on IRS Forms W-2 and correcting them before mailing Copy A to the Social Security Administration.

E. IRS Form 1099-MISC – Miscellaneous Income

Annually, on or before January 31, file IRS Form 1099-MISC, Miscellaneous Income, for each individual, partnership, attorney, and specific entities to which you have paid at least $600 in rents, services (including parts and materials), prizes and awards, other income payments,

medical and health care payments, or generally, the cash paid from a notional principal contract to an individual, partnership, or estate.

1. In no instance should a diocesan priest receive an IRS Form 1099-MISC for his duties as an **assigned** pastor, associate pastor, agency head, or chaplain.
2. Priests **not assigned** to a parish, agency, or hospital, are to receive an IRS Form 1099-MISC as an independent contractor, if the total stipends paid to him for the year amount to $600 or more.

Amounts are usually reported on Form 1099-MISC in Box 7, nonemployee compensation, if the following four conditions are met:

1. You made the payment to someone who is not your employee;
2. You made the payment for services in the course of your trade or business (including government agencies and nonprofit organizations);
3. You made the payment to an individual/sole proprietor, an independent contractor, a partnership, an estate, an attorney who is not your employee, or in some cases, a corporation; (Note: LLC's organized as a sole proprietorship, partnership, or another legal entity other than a corporation should be issued a 1099-MISC);
4. You made payments to the payee of at least $600 during the year

Note: gifts are not subject to the IRS Form 1099-MISC requirements

F. IRS Form 1096 – Annual Summary and Transmittal

A parish must also file IRS Form 1096, Annual Summary and Transmittal, to transmit Copy A. of IRS Forms 1099 with the IRS by the end of February. Keep a copy of all IRS Forms 1099 and 1096 on file.

G. IRS Form 941 – Employer's Quarterly Federal Tax Return

Federal law requires you, as an employer, to withhold taxes from your employees' paychecks. Each time you pay wages, you must withhold – or take out of your employees' paychecks – certain amounts for federal income tax, Social Security tax, and Medicare tax. Under the withholding system, taxes withheld from your employees are credited to your employees in payment of their tax liabilities.

Federal law also requires you to pay any liability for the employer's portion of Social Security and Medicare taxes. This portion of Social Security and Medicare taxes is not withheld from employees.

Use IRS Form 941 to report the following amounts:

1. Wages you have paid
2. Tips your employees have received

3. Federal income tax you withheld
4. Both the employer's and the employees' share of Social Security and Medicare taxes
5. Current quarter's adjustments to Social Security and Medicare taxes for fractions of cents, sick pay, tips, and group-term life insurance.
6. Credit for COBRA premium assistance payments

H. IRS Form 944 – Employer's Annual Federal Tax Return

IRS Form 944 is an annual report of wages paid to employees and withholdings made by employers. It also includes information on the employer's share of Medicare and Social Security taxes during the period reported. IRS Form 944 is designed so the smallest employers (those whose annual liability for Social Security, Medicare, and Federal income taxes withheld is $1,000 or less) will file and pay these taxes only once a year instead of every quarter. IRS Form 944 must be filed so the IRS can reconcile wages and withholdings and process tax payments. Penalties and interest can be incurred by the employer for not properly filing IRS Form 944. IRS Form 944 must be mailed or e-filed to the IRS.

I. IRS Form W-2G

IRS Form W-2G must be filed for every person to whom payment of $1,200 or more was paid for gambling winnings from bingo or $600 or more in raffles, and the payout is at least 300 times the amount of the wager. The $1,200 limit for bingo winnings is for each win, not accumulated for the year. If the winnings were of non-cash nature, the amount of the fair market value of the prize is reported. The recipient of the winnings must provide you with their Social Security Number.

If the taxpayer fails to provide you with their Social Security Number, and the amount of the prize, less the amount wagered, is $600 or more and at least 300 times the amount of the wager, then you are required to withhold 28% of the total proceeds. This is called backup withholding. If the winnings are more than $5,000, and the taxpayer provides you with their social security number, a parish must withhold 25% from the winnings and report this amount to the Internal Revenue Service on Form W-2G by the last day of February of the year after the year of the raffle. Use Form 1096 to transmit Form W-2G to the Internal Revenue Service. You must also issue Forms W-2G to prize recipients by January 31 of the year after the year of the raffle. To report and send withheld amounts, use Form 945, *Annual Return of Withheld Federal Income Tax*, which is due to the Internal Revenue Service by January 31 of the year after the year in which the taxes were withheld.

The IRS Form W-2G requires additional information with regard to the date of the winnings, information regarding the person making the payment, and identification of the winning card.

Chapter 563 of the Wisconsin State Statutes requires that each licensed organization shall maintain one separate bank account which will be designated as the "bingo" account. All gross receipts received from the conduct of bingo shall be made within 5 days following the date of

the bingo occasion. All bingo accounts should be maintained in a financial institution located in the state of Wisconsin.

J. Donations

1. It is necessary to provide ALL donors with written confirmation for all contributions made during the year. The confirmation should include:
2. Name of the church or parish
3. Dates of the contributions
4. Amounts of any cash (or check) contributions
5. Description (but not value) of any non-cash contributions
6. One of the following statements:
    a. No goods or services were provided by the church or parish in return for the contribution.
    b. The goods or services that the church or parish provided in return for the contribution consisted of intangible religious benefits.

Although there is no due date for the written confirmation of donations, remember that your donors need to have this confirmation to prepare their individual tax returns. It is recommended that you have these to your donors by January 31.

K. Deductibility/Substantiation of Contributions

In order to be deductible, a payment must first qualify as a **gift**, which is defined as a voluntary transfer of money or property without receipt of or expectation of a commensurate return benefit. Thus, for example, the payment of tuition, whether made directly to a school or to a church operating the school, is not deductible. In addition, payments made in various fundraising contexts may or may not be deductible, depending on whether goods or services are received in return. For example, payment for a purchase at a charity auction will be deductible only to the extent the payment exceeds the fair market value (FMV) of goods or services received in return. Payments for charity raffle tickets are not deductible, since the amount paid is not a gift, but rather payment for the chance to win whatever prize is being offered.

In 1993, Congress enacted Section 170(f)(8) providing that no contribution of $250 or more will be deductible unless the donor obtains, prior to the filing of his/her tax return, written acknowledgement from the donee charity verifying the amount of the contribution and whether any goods and services were received in return. If so, such goods or services must be identified and must be valued by the donee charity. If the benefits received consist solely of intangible religious benefits, a statement to that effect must be included.

Effective January 1, 2007, Congress amended the IRS code to require that donors retain written documentation for all money donations in the form of a cancelled check, bank record or receipt from the donee organization showing the name of the donee organization, the date of the

contribution, and the amount of the contribution. This will make it important that donors use checks or contribution envelopes.

Certain payments are considered *quid pro quo* contributions - namely, they are made partly as a gift and partly in consideration for goods or services furnished to the donor. An exception is provided for payments made to an exclusively religious organization in return for which the donor receives solely intangible religious benefits.

L. Non-Cash Contributions

Additional substantiation requirements are imposed with respect to certain contributions. Most non-cash contributions require that the donor receive a receipt from the charitable organization showing the name of the charitable organization, the date and location of the contribution, and a reasonable description of the item(s) donated. Items dropped off at collection boxes and valued at less than $250 do not require a receipt; however, the items donated must be in "good condition," with no guidance provided on what constitutes "good condition." Contributors of non-cash gifts valued at $500 or more must complete IRS Form 8283 and attach it to IRS Form 1040. Contributors of non-cash gifts valued at $5,000 or more (other than gifts of publicly traded securities) must:

1. Obtain a qualified appraisal and submit an appraisal summary with the IRS Form 8283 attached to IRS Form 1040, *and*
2. Have the donee charity complete and return to the donor the "Donee Acknowledgment section" (in doing so, the donee charity is *not* vouching for the appraised value).

The donee charity is required to report to the IRS on IRS Form 8282 if such contributions are subsequently sold or otherwise disposed of within three years of receipt.

M. Donated Vehicles

The IRS has issued special rules for the claiming of deductions for donated vehicles. In general, the deduction will be limited to the actual sales price the charity receives for the vehicle. Donors may claim a deduction for the fair market value under the following circumstances:

1. The charity makes a significant intervening use of the vehicle, such as using it to deliver meals on wheels.
2. The charity makes a material improvement to the vehicle, i.e., major repairs that significantly increase its value and not mere painting or cleaning.
3. The charity donates or sells the vehicle to a needy individual at a significantly below-market price if the transfer furthers the charitable purpose of helping a poor person in need of a means of transportation.

Sales of donated vehicles are reported to the IRS and to donors on IRS Form 1098-C. Copy A must be filed with the IRS. Copies B and C must be furnished to the donor (for donor's records and for attachment to his or her tax return) not later than 30 days after the date of sale if box

4a is checked, or 30 days after the date of the contribution if box 5a or 5b is checked. IRS Form 1098-C is available on the IRS website at www.irs.gov under Forms and Publications.

N. Contributed Services

Finally, diocesan entities often benefit from contributed services. A parishioner may volunteer to clean the church every week, or a carpenter may replace the windows and only charge for materials. These acts of charity are welcomed, but often the volunteer asks for a tax receipt for the contributed services. After all, the volunteer saved the church hundreds of dollars in labor costs, and the volunteer could have been making money elsewhere had he or she not been volunteering.

While it is permissible to write a letter thanking the volunteer for donating his or her time that saved the church $500 in labor costs, it is not permissible to give the volunteer a tax receipt or include the value of the services on the volunteer's annual contribution statement. The value of contributed personal labor is **not deductible**. However, unreimbursed out of pocket expenditures are deductible.

O. Sales Tax

Gross receipts from the sale of tickets or admission to school activities are exempt from the state sales tax, so long as the entire proceeds are expended for educational, religious, or charitable purposes. Sales of tangible personal property and items by schools, and the sale of certain property or services by a cemetery company or corporation described under Section 501(c)(13) of the Internal Revenue Code, are also exempt (for cemeteries, the property or services must be used exclusively by the company or corporation for the purposes of the cemetery).

In addition, nonprofit organizations, such as parent-teacher organizations, are exempt from paying sales tax on proceeds from their events if these organizations are subject to the control and supervision of school officials and if the events meet the definition of "occasional sales." Sales made by a parish or church group will also be exempt if they limit such sales events to 75 days per year. Organizations that exceed the 75-day limit will still be exempt if the gross receipts from the events are less than $50,000. (Different rules may apply for sales affiliated with bingo.)

The Department of Revenue (DOR) administers laws governing sales by nonprofit organizations according to regulations contained in Chapter Tax 11 of the Wisconsin Administrative Code. Section Tax 11.35 deals specifically with sales by nonprofit organizations. In addition to the criteria mentioned above, a parish or nonprofit organization will qualify for "occasional sales" exemption if it meets all of the following three standards:

1. The organization is not engaged in a trade or business.
2. Entertainment is not involved.
3. The organization does not have or is not required to have a Wisconsin seller's permit, except for conducting bingo.

Standard 1: Not Engaged in a Trade or Business. A nonprofit organization is not engaged in a trade or business if it meets one of the following:

1. Its sales of otherwise taxable tangible personal property, items, property, and goods as defined by statute, or services, or its events occur on 75 days or less during the calendar year, regardless of the dollar amount of sales. In calculating whether a nonprofit exceeds the 75-day limit in the law, the DOR counts only the actual days of the events and not the days during which tickets are sold.
2. Its taxable sales price for tangible personal property, items, property, and goods as defined by statute, or services for the calendar year are $50,000 or less, regardless of the number of days on which its sales or events occur. In calculating whether sales exceed the $50,000 limit, the DOR does not count the income from sales otherwise exempt from the sales tax.

Standard 2: No Entertainment. In order to qualify as an exempt occasional sale, entertainment shall not be involved at an event for which charges constitute admissions.

Entertainment defined: Entertainment provided at an "admission" event by all persons or groups (for example, band or singers) who are paid in the aggregate more than $10,000 per event by all persons for performing, for reimbursement of expenses, or prize money.

Admissions defined: Admissions are involved if access to the event involving entertainment is generally restricted to only those who pay a required fee, make a "required donation," or who must make a purchase of some kind (for example, meal or raffle ticket).

Exception: A nonprofit organization that would otherwise qualify for exempt occasional sales, except for the involvement of entertainment, may do the following:

1. Obtain a temporary seller's permit from the DOR for the day or days of the event involving entertainment.
2. Pay the sales tax on that event, and
3. Request inactivation of the seller's permit after the event by contacting the DOR.

If the above three steps have been taken, the nonprofit organization may still make exempt occasional sales on days not covered by the permit.

Note: Days and receipts from events involving admissions to entertainment for which a seller's permit was obtained **are** included with all other sales in determining the 75-day test and the $50,000 taxable receipts test.

Caution: A nonprofit organization that obtains a seller's permit for an event and does not request inactivation of the seller's permit after the event does not qualify for the Occasional Sale Exemption while the seller's permit is active, regardless of the number of days and dollar amount of its sales.

Standard 3: Seller's Permits. The organization does not have or is not required to have a Wisconsin seller's permit, except for conducting bingo.

A nonprofit organization qualifies for the occasional sales exemption on non-bingo sales, even though it holds a seller's permit, if it otherwise meets Standards 1 and 2, and the nonprofit organization meets one of the following:

1. It is required to hold a seller's permit solely for the purpose of conducting bingo games.
2. It obtains a seller's permit solely for an admission event involving entertainment, if the seller's permit is inactivated immediately after the event.
3. It holds a seller's permit solely for the purpose of conducting bingo games and making taxable sales at an admission event involving entertainment.

Note: A nonprofit organization's bingo receipts **are not** included with all other sales in determining the 75-day test and the $50,000 taxable receipts test in Standard 1.

General

If a parish makes sales or offers taxable services which do **not** qualify as exempt sales, the nonprofit organization is required to obtain a seller's permit from the Wisconsin Department of Revenue, and pay sales tax on its taxable sales. A parish may apply for a seller's permit using one of the following methods:

1. Use the Department of Revenue's online *Business Tax Registration* application and submit the request electronically; or
2. Complete *Form BTR-01*, *Application for Business Tax Registration,* and mail it to the Department of Revenue. Keep a copy of the completed application for your records.

Change in Activities

If a nonprofit organization holds a seller's permit in the current year but intends and believes "in good faith" that its activities in the following year will qualify as exempt occasional sales, except for its holding of a seller's permit, it may request inactivation of its seller's permit and have its sales in the following year qualify as exempt occasional sales. The requested inactivation of its seller's permit must be made "in good faith." The answers to two questions will help in the examination of good faith: (1) what did the organization do in the current calendar year, and (2) what does it expect to do differently in the following year and why?

P. PC-220/PC-220A Wisconsin Property Tax Exemption Reports

The State of Wisconsin requires that bi-annually parishes submit a report to their local Clerk, (City, Village, or Township) indicating the value of the property that is owned by the parish corporation. The PC-220 or PC-220A Tax Exemption Report is due on March 31 in even numbered years. For newly acquired land, the report is due by March 1 following the acquisition.
The PC-220 – Tax Exemption Report is to be used by parishes that own only one piece of property.
The PC-220A – Multi-Parcel Tax Exemption Report is to be used by parishes that own more than one piece of property.

In cases of a merged parish, land may be "owned" by the pre-existing parish entities or by the merged parish entity. It is necessary to first verify which entity maintains legal ownership of the land, and then file the PC-220/PC-220A on their behalf.

PC-220 is available at https://www.revenue.wi.gov/DORForms/pc-220f.pdf

PC-220A is available at https://www.revenue.wi.gov/DORForms/pc-220af.pdf

The tax exemption afforded to parishes covers up to ten acres for a parish without a school and 30 acres for a parish with a school.

Q. Form 8822-B Change of Address or Responsible Party

Use Form 8822-B to notify the Internal Revenue Service if you changed your business mailing address, your business location, or the identity of your responsible party (pastor). Form 8822-B must be filed within 60 days of the change, and can be found on the IRS website at www.irs.gov.

Diocese of Madison

Parish Accounting – Standard Internal Controls

Administration of parish finances is a sacred trust. It is very important that the pastor and trustees establish a strong system of internal control to ensure strong overall stewardship of the parish. The following procedures are designed to meet the minimum requirements of effective internal control and not be unnecessarily burdensome to the parish.

Internal Control is about being good stewards. Internal Control has been defined as a process, affected by the entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations. In today's environment, it is simply a necessary business practice to ensure protection of assets, ensure that accounting records are accurate and complete, and to protect the reputation of all those who are involved in financial administration. By implementing and monitoring a well-designed system, you free your staff from any hint of suspicion and allow them to perform their duties as professionals using the same best practices found in business.

This document details the normal controls that should be in place for all parishes.

A. Delegation and Separation of Duties

Delegation and separation of duties is the most important internal control to have in place.

1. Employees/volunteers must know what they are to do and what others are responsible for. Establishing an organizational chart is clearly important for defining responsibility lines. Job descriptions should be used to further explain proper delegation.
2. The following job duties should ideally be done by separate individuals:
    a. Counting and depositing the weekly collections
    b. Bookkeeping (includes recording deposits, writing checks and reconciling bank statements)
    c. Signing checks and reviewing the cancelled checks
    d. Reviewing the reconciled bank statements
    e. Entering contributions into the census program (ParishSOFT)

B. Suitable Documents and Accounting Records

1. Accounting records for parishes should be maintained on the QuickBooks software package.
2. The financial records should reflect all the financial transactions that have occurred.

3. The recording of all transactions must be correct as to quantity and dollar amount, and must be made in the proper accounting period.
4. Supporting documentation for all transactions should be maintained.

C. Financial Planning and Control

1. All parishes and schools should have an annual budget.
2. Budgets should be developed and approved for each account. Expenses material in amount and not specified in the approved budget should not be allowed without direct approval of the appropriate management personnel, the pastor, and/or the Parish Finance Council.
3. Each month, actual expenses should be compared to the approved budget. A monthly report of this comparison should be given to the pastor and the Parish Finance Council as well as appropriate management personnel and/or committee. Significant differences between the actual and the budgeted expenses should be investigated and resolved.
4. In addition, Monthly Comparative Financial Statements must be prepared and reviewed on a timely basis so that appropriate action can be taken should the actual results of operations vary materially from the budget.
5. Transactions must be correctly recorded in accordance Appendix C. Accounting – Chart of Accounts.

D. Bank Accounts

1. The number of accounts should be kept to a minimum. This generally helps to streamline the accounting process.
2. All accounts should be opened in the name of the entity (parish), never an individual. The mailing address should not be a private address. Only officials designated by Corporate Resolution should be permitted to open and close bank accounts.
3. The number of authorized check signers should be limited. The pastor/administrator must be included as an authorized signer on all bank and investment accounts as administrator of the parish/school and its affiliated organizations. Individuals with access to record entries in the accounting records and who receive and process cash receipts **should not** be authorized signer**s**. This separates the duties of those with control over cash to insulate the individual from any implication of wrongdoing.

   When there is a change in signers (ex. if a trustee is a signer and rotates off), the bank should be notified as soon as possible via a change in signature cards.
4. A signature stamp should **never** be used. In fact, it is strongly recommended that signature stamps be destroyed. In this way, all cash outflow is properly reviewed and authorized.
5. All bank statements and cancelled checks should be received directly by the pastor/administrator. This person should open and review to ensure
   a. Payees are valid and signatures are authentic,
   b. Endorsements, if available, appear genuine,
   c. All other transactions have been authorized, and

d. The balance appears reasonable.

6. Bank reconciliations should be performed on a timely basis, preferably within ten days of receipt of the bank statement by a member of the Finance Council or a knowledgeable parishioner. This helps to ensure that any errors can be found and corrected promptly by either the bank or the parish. A member of the Parish Finance Council or the pastor/administrator should review the reconciliations on a monthly basis, dating them and signing off (see Appendix C. Accounting – Sample – Bank Statement Review).

   During the reconciliation process, any irregularities, such as a check made out to cash or to the person signing it, should be reported and investigated.

7. Any and all checking, savings, and investment accounts should be included on the parish/school general ledger (see Accounting – Recording Financial Information from Auxiliary/Affiliated Organizations). This helps ensure that the Statement of Financial Position (Balance Sheet) includes all financial assets and allows the Parish Finance Council and the diocese to have a complete picture of the finances of the parish/school.

E. Cash Receipts – Weekly Collections

The underlying principles to be followed in processing the weekly collections are separation of duties and physical control over the cash. The following are guidelines are preferred*, but not always practical*, to achieve these goals:

1. **Ushers**
   a. Immediately following the collection, the monies should be secured. Use of pre-numbered plastic security/tamper-proof bags is strongly recommended. These security bags should be used in the Church immediately by the ushers once the collection has been made and **before the monies are taken to the Altar**. Please note that although this is the preferred procedure, it is understood that it may not be practical. Therefore, placement of the funds in the security bag immediately following Mass will fulfill this requirement. The security bags should be signed and dated. The bags should remain sealed until opened in the presence of two or more people who count the funds. In the event the parish is depositing funds straight into the lockbox for counting, the bag(s) should not be opened before depositing in the lockbox. A log of the bags used is to be maintained.
   b. It is customary to bring the collection to the altar during the Procession with the Gifts. They should be "put in a suitable place away from the Eucharistic table" (GIRM 74). After the Mass, the collection should be transferred by the ushers to a secure place (i.e. safe, locked cabinet, bank lock-box).

2. **Counters**
   a. A committee of several people, divided into teams, should be established to count the weekend collection. We encourage that individual count teams consist of unrelated parties (Close relatives or husband and wife teams should not be allowed).
   b. Under no circumstance, should you have only one individual count and deposit the collections. Nor should the bookkeeper or the pastor perform the count and/or make the deposit.

c. The members of the team should be rotated every week or at other appropriate intervals. They should be responsible for counting the money, completing the deposit summary report, preparing the deposit slip, and taking the monies to the bank.

3. **Counting Process**
   a. All monies collected must be deposited intact. No cash should ever be taken or exchanged from the collections or cash received in the office.
   b. The back of each check should be immediately endorsed with the parish stamp, which should have the parish name and bank account number and say "For Deposit Only".
   c. The deposit summary will designate all money. In order to complete the report, the envelopes will need to be sorted by type (e.g. weekly envelopes, building fund, and diocesan collections) and a calculator tape must be attached to the group of envelopes. These totals must be transferred to the deposit summary report.
   d. The deposit summary must be accurately filled out, and members of the team must sign and date the report. The deposit summary should agree to the deposit slip.
   e. The deposit slip can list each check by parishioner, or the checks must be included with the deposit summary report. A duplicate deposit slip must be attached to the deposit summary. The validated deposit slip from the bank must also be attached to the deposit summary.
   f. Envelopes should be reconciled to the individual parishioner's account (on ParishSOFT). The totals of the posting to the parishioners' accounts should tie to total of the envelopes and the deposit summary.
   g. We ask you to encourage the use of checks, automatic account withdrawals, and envelopes, as a basis for greater internal controls.
   h. Appendix C. Accounting – Sample – Counting Sheet is available as a resource to help aid in accuracy of reporting and data transference from counters to the bookkeeper.

4. **Making the deposit**
   a. The deposit is to be made preferably on Sunday. The funds should be deposited in the bank's night drop box. If this is not possible, the security bag(s) containing the funds should be placed in the safe overnight for deposit on Monday morning.
   b. The bookkeeper should reconcile the deposit slips, the deposit summary report, and the posting to the individual parishioners' accounts.

5. **General Controls**
   a. Church money should never be taken home by anyone.
   b. Collection records should be compared from week to week and against the same week of the previous year.
   c. All regular money handlers must undergo a background screen before they are allowed to count the collection. In requiring a background screen of all prospective money handlers, no one individual will be embarrassed by being singled out for special scrutiny.
   d. Insist that all individuals involved in the cash receipts, recording, and accounting functions take some hiatus from these duties.

F. Cash Receipts – Other

1. Processing of cash receipts (opening mail, preparing the deposit, making the deposit) should be done by an individual (two together if possible) who does not enter the information in the accounting records.
2. Written, two-part receipts (carbon and original) should be given for all cash received through the parish/school office. A receipt book should be purchased with numerical sequencing.
3. All checks should be restrictively endorsed "for deposit only" with the parish name and account number as soon as they are received. This ensures that any lost or stolen checks cannot be cashed or deposited to any other account.
4. Donations should be recorded in the proper year. The postmark date on the mailing envelope should be used to record the date received at year-end. Checks received after December 31 and postmarked later than year-end should be recorded in the following year. Checks received through the offertory collection baskets should be recorded on the date received as opposed to the date of the check.
5. If receipts are processed in batches, the batch total should match the deposit total and the total of the receipts in the receipt book. This is another way to verify the accuracy of the information being entered in the general ledger.
6. All receipts/payments should be recorded in the general ledger.
7. Deposits should be made on a daily basis or as soon as feasible. If cash/checks are received and not deposited to the bank the day they are received, they should be kept in a locked, fireproof location. No cash or checks should be retained in the office for longer than five days, so as to safeguard the asset from theft or loss.

G. Cash Receipts – Tuition

1. Tuition payments and other fees should be restrictively endorsed when received and listed on a school deposit summary sheet (by student or family name) that balances with the bank deposit. If the deposit is not made the day it is received, it should be locked in a fireproof location.
2. All tuition and fee revenue should be deposited into the main school operating account.
3. As with other collections, the individuals responsible for collecting and depositing tuition should not have access to the accounting records.
4. The deposit sheet and the posting to the accounts receivable should be used to post tuition and fee revenue to the general ledger and individual records.
5. If tuition balances are adjusted, records of these adjustments should be kept in a file so that the School Administration and the Parish Finance Council can be aware of this when planning for future years. The accounting records should reflect gross tuition revenue less bad debt expense.

6. For accrual based accounting systems, unpaid tuition balances should be recorded on the general ledger as a receivable. The School Administration should monitor delinquent tuition balances.
7. For cash based systems, a regular review should be done of current and past due receivables by the School Administration and reported to the pastor and the Parish Finance Council.

H. Automatic Clearing House/Electronic Funds Transfers (ACH/EFT)

Electronic Funds Transfer ("EFT") is a safe, convenient way for parishioners to make regular offertory contributions to your parish on a consistent basis. Parishioners can specify the contribution amount which will then be directly transferred from their bank account to the church's bank account on a recurring basis. To initiate an EFT, contact your bank for an authorization agreement. This authorization agreement should be provided to parishioners to be completed and returned to the parish office, where a copy should be kept, to verify weekly, monthly, or annual contributions given via EFT. Information listed on the authorization agreement should include the parishioner's name, bank account number, routing number, date, and frequency of the EFT. Also, a voided check from the parishioner's account should be attached to the authorization agreement, along with the parishioner's signature and date. These authorization agreements should be checked regularly while reconciling monthly bank statements to verify that the deposits are made correctly. Note that the authorization agreement, along with any attached documentation, **should be kept in a secure and locked location.** Requirements/procedures to follow when utilizing electronic banking include:

1. Verify that your financial institution has ample security measures in place to protect your data and the access to your account. Please note that each parish/school must take responsibility for its own protection and security measures, as well.
2. Transfers between bank accounts should always be approved by two people. This could be the bookkeeper and the Pastor or finance council member. Both people should sign a form illustrating the approval of this transaction. This authorization should occur before the online transfer is initiated. Determine if your bank can create transfer templates, whereby only specified accounts can be transferred to. This will reduce the risk of fraud and theft but also of accidently typing in an incorrect bank account number.
3. After the transfer has been processed, print out a confirmation to attach with the dual authorization form.
4. Do not have any overdraft protection on any bank account.
5. Have a trustee or finance council member, who does not have signatory power on any bank account and view only access, sign onto the bank accounts regularly to look for suspicious activity. It is recommended that at least once a week this person view the activity.
6. If possible, a separate stand-alone computer should be used whenever you are logging onto your bank's website. This can be an older computer that has been cleared off by a professional. The stand-alone computer should not contain any stored or saved passwords, user accounts, non-essential programs, or other internet browsing or email. Also, any remote desktop and/or remote assistance should be turned off.

I. Stock Gifts

Stock gifts to the parish can be sold upon receipt or held for future sale. The donor should be instructed to have the stock certificate made out to the parish. If the stock is not sold within a week, the stock should be recorded on the books at the fair market value on the date received. The market value of stock held by the parish should be determined monthly and reported to the Finance Council.

It is worthy to note that when receiving assets of any kind, that a parish is **neither** a "C" corp nor an "S" corp. The parish corporation is a non-stock, not-for-profit corporation organized in the State of Wisconsin pursuant to the State Statute 187.19. Under Federal income tax rules, the corporation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and none of its net assets or surplus (earnings) inure to any private shareholder or individual. This is because entities listed in the Official Catholic Directory fall under Group Exemption 0928 as exempt from federal taxation. These resources are available on the diocesan website under the Finance page.

J. Acknowledging Donations

To deduct any charitable donation of money, a taxpayer must have a bank record or a written communication from the charity showing the name of the charity and the date and amount of the contribution. Annually, all parishioners should be given a statement of contributions that meets the IRS requirements. Parishioners should be advised to contact the priest or parish administrator with any questions regarding any issues or the accuracy of the contribution letters.

According to IRS Publication 526, as it pertains to charitable contributions, one cannot take a tax deduction for the "value of time or services," specifically, "the value of income lost [not earned] while you work as an unpaid volunteer for a qualified organization." Conversely, if a taxpayer were to issue an invoice to a not-for-profit organization, for which the entity then pays the service provider (taxpayer), the event is measurable (has "basis") and is taxable to the recipient. Then if the recipient or taxpayer wishes to make a cash donation to the not-for-profit organization in a similar amount, the taxpayer is entitled to a charitable contribution in accordance with IRS Publication 526 and IRS Form 1040 – Schedule A.

Note: Parishioners may not deduct personal gifts to the pastor. It is always advisable to contact the Director of Parish Administrative Services regarding questions about recording donations.

K. Cash Disbursements

Pre-numbered checks

All disbursements should be made with pre-numbered checks (except the obvious case when petty cash is used) and should be recorded in the general ledger. Cash should not be used to pay vendors or employees.

Filling out Blank Checks Ahead of Time

Blank or partially blank checks should never be signed. The practice of signing blank checks severely decreases the effectiveness of other cash controls established related to accuracy and propriety of transactions. Checks should only be signed when the payee and dollar amount are filled in and the supporting documentation (original invoice and check request) is with the check so it can be reviewed by the signer. Having this information readily available makes the process more efficient if there is a question related to an expense.

Voided Checks

If a mistake is made when preparing a check, the check should be voided before preparing a new one. The voided check should then be altered to prevent its use, retained to make sure all pre-numbered checks are accounted for, and filed with other checks for a permanent record.

Check Stock

Blank check stock should be kept in a locked location, preferably in a safe or fireproof filing cabinet, and with access limited to those who are authorized to prepare checks. This helps reduce the risk of stolen checks. The blank check stock should be regularly inventoried.

Purchase Authorizations

The use of purchase authorization forms should be considered, particularly in larger parishes/schools. Purchase orders are used to document what was ordered, the individual or department placing the order, and the approval.

The parish/school should have an established policy stating who is authorized to make purchases and in what amounts. Efficiency will be improved and duplication will be reduced if there is not an abundance of individuals placing orders. When the items are received, they should be matched to the purchase order and the invoice.

Purchasing Property, Loans, Leases, Signing Contracts for Capital Projects, Fund Drives

The Diocese of Madison states that each parish or diocesan institution is to have formal approval of its Board of Directors for the entering of contracts, the borrowing of money, the purchase or sale of property, the encumbrance of property by lease or mortgage, or expenditure of parish funds of $40,000 or over (cc. 1290, 1291).

Vendor Invoice Processing

When the invoice is received, accuracy of the invoice (including quantity received and price) should be verified by the individual who placed the order. They should then prepare a check request (or note on the face of the invoice) with their initials as approval, amount to be paid, date, and general ledger account to be charged.

The individual who approves invoices for payment should not have access to the accounting records. Again, this separation of duties helps ensure accuracy of the transactions.

Expense Reimbursements

The most efficient and accurate method for reimbursing employees for expenses they incurred on behalf of the parish is to have them complete and sign an expense report form. The standard form would include the reason for the expense, the department, the account number to be charged, the signature of the purchaser, and the signature of the supervisor approving the expense (usually the pastor).

Expense reports should be completed on a timely basis so that the accounting records will reflect the expense in the correct month (rather than an employee completing an expense report form that covers, for example, the last six months).

Credit Card Payments

If there are credit cards in the name of the parish/school, the receipts related to purchases should be remitted to the accounting department and the statement should be reviewed for accuracy. It is recommended that standard expense report forms be utilized and the receipts compared with the charges. The credit card statement and invoices should be attached to the expense report.

Writing Checks

Checks should be drawn only when there is adequate supporting documentation. To ensure that disbursements are supported by invoices that have been properly authorized, this documentation should include at least: a) a proper original invoice; b) evidence that the goods or services were received; and c) evidence that the purchase transaction was properly authorized. Payments should not be made on statements or balance-due billings unless underlying invoices are included.

Signing Checks

Ideally, the pastor/administrator should be the individual signing all checks. When checks are presented for signature, the supporting documentation (ex. invoice and purchase order) should accompany the check. In this way he is aware of all parish expenditures.

The individual who signs the checks should not have access to the accounting records.

All checks should be mailed promptly and directly to the payee.

Canceling Invoices

All supporting documents should be canceled or marked “paid” once a disbursement is made to avoid double payments.

Manual Checks

If checks are prepared manually rather than generated by computer, a process should be in place to ensure that the disbursement is recorded accurately and timely in the accounting records (rather than waiting until the bank statement is received to record the transaction from the cancelled check).

L. Petty Cash

1. The petty cash fund should be administered by one individual and kept in a locked location. The custodian of the fund is solely responsible for maintaining the fund, authorizing its use, and obtaining receipts for all disbursements.
2. An imprest petty cash fund should be used. A specific dollar amount should be decided upon for the fund (perhaps $100). As money is taken out of the fund, vouchers and/or receipts are submitted. When the balance of the fund begins to run low, a check for the amount of the payments offset by any vouchers/receipts is used to replenish the fund. Receipts should always be maintained for expenditures from the fund so that the general ledger entries can be made to the proper expense accounts.
3. Checks to replenish the petty cash fund should be made out to *"Petty Cash – Payee"*; the check should not be made out to "cash".
4. The petty cash fund should periodically be counted and reconciled by the pastor/administrator or a trustee.
5. The petty cash fund should not be used to cash checks or to let associates "borrow" funds.
6. Revenues from any activities such as festivals, sales of tickets, or offertory shall not be deposited to any petty cash funds.

M. Payroll

1. Personnel Administration and Employment File Maintenance
    a. This function includes interviewing candidates, checking references, and hiring qualified personnel.
    b. A checklist of items to be included in employee files should be utilized. It should be used to ensure that complete documentation is obtained from and on all employees.
    c. Approval of pay increases should be documented in the employee file.
2. Timekeeping and Payroll Preparation and Payment
    a. Consideration should be given to using time sheets for all hourly employees to better monitor hours worked and benefit time (vacation, sick leave, etc.).
    b. Overtime should be approved in writing by the supervisor to document the approval since the bookkeeper will likely not be aware of these specific arrangements.
    c. All employee pay, including bonuses, should be made via a check/direct deposit and the appropriate payroll taxes withheld.
    d. A listing of payroll disbursements should be reviewed by the pastor/administrator and indicated on the register by a signature and date at the same time payroll checks are completed. The pastor/administrator should be looking for names of individuals who are not employees (such as individuals who are no longer employed and were not removed from payroll or who are fictitious) and making sure pay rates are accurate.

3. Payroll Taxes
    a. IRS guidelines should be followed to determine employee status (vs. independent contractor). Priests, although they are considered self-employed for Social Security purposes, are employees and should receive a W-2.
    b. Appropriate payroll taxes should be withheld from all payments to employees.
    c. Payroll tax deposits must be made in a timely and accurate manner as required by the IRS to avoid assessment of penalty and interest.
    d. A copy of the quarterly 941 or annual 944, federal and state coupons with check or EFT verification, W-2's, and W-3's should be kept on file.
    e. The year-end W-2 wages should be reconciled to the general ledger, payroll register, and four quarterly 941's or annual 944 to ensure that the accounting records reflect what is being reported to the IRS.
    f. If W-2 forms are returned by the post office or are otherwise undeliverable, they should be given to the pastor/administrator to be researched.
    g. All employees, including priests, should receive a W-2 form.

N. Independent Contractor Income

W-9 forms should be obtained from all vendors to determine if a Form 1099 will be required at the end of the year (when payments exceed $600).

O. Affiliated Organizations

1. The books of affiliated organizations must be maintained on the parish/school records.
2. Affiliated organizations may have separate accounts based on approval by the pastor/administrator. The pastor/administrator must be included as an authorized signer on all affiliated organizations.
3. The monthly bank statements for affiliated organization checking accounts should be sent directly to the parish/school office to be reviewed and reconciled. This keeps the parish/school management apprised of the financial activity of the organization and is also a good double check of their work for accuracy and propriety.
4. Affiliated organizations should use the same purchasing and cash receipting procedures as the parish.

P. Computer Safeguards

1. Computer files should be backed up off-line (disks or tapes) on a regular basis (daily/weekly). The copies should be kept off site and rotated on a regular basis.
2. Surge protectors should be in use on all computer equipment. Battery backup units should be considered for servers or critical workstations.
3. QuickBooks software should be password protected so that only authorized individuals have access to accounting records. The passwords should be changed periodically and secured with reasonable care. Lock the passwords away from the computer in a file cabinet. Make sure the administrative passwords are secured in a file whose whereabouts are known to the pastor or parish leadership. Security levels should be set appropriately to restrict

access to certain files and special care should be taken to protect payroll data, personnel information on employees, and other confidential information.

4. It is advisable to have a list of the critical hardware, particularly servers and software, along with its reordering information, maintained offsite. In the event of a disaster, this would enable you to immediately purchase replacements.
5. Virus protection software and a firewall should be used on both servers and workstations especially for equipment that is online with the Internet.

Q. Credit Card Compliance Information

For parishes who utilize credit card acceptance services, we recommend the following steps for best practices in processing, storing and transmitting cardholder data:

1. Build and Maintain a Secure Network
    a. Your credit card acceptance provider should have a firewall configuration in place to protect cardholder data.
    b. Do not use vendor-supplied defaults for system passwords and other security parameters.
2. Cardholder Data
    a. Do not store cardholder data electronically or in paper form. It should only be stored cryptically in your credit card provider software.
3. Maintain a Vulnerability Management Program
    a. Use and regularly update anti-virus software.
    b. Develop and maintain secure systems and applications.
4. Implement Strong Access Control Measures
    a. Restrict access to cardholder data by need-to-know.
    b. Assign a unique ID to each person with access.
    c. Restrict physical access to cardholder data.
5. Regularly Monitor and Test Networks
    a. Track and monitor all access to network resources and cardholder data.
    b. Regularly test security systems and processes.
6. Maintain an information security policy that addresses information security.

While some of this information may be basic, other items may require more internal control. The most important item to remember is that we DO NOT store any credit card information for a donor anywhere, but in the credit card software you are utilizing where it can be encrypted for secure storage. Also, limit the number of employees/volunteers that have access to that software. This ensures that the security of the data is limited, and safeguards have been enacted.

R. Other

1. Journal entries to the books must be made with proper documentation and support. They should have attached work papers where necessary to document the detail of the entry

and/or written description so that anyone reviewing the books can understand why and how the entry was determined.

2. The general ledger and subsidiary ledgers, whether manual or computerized, should be accessible only to authorized individuals, and should be kept in locked, fireproof locations at night.
3. Safe combinations, computer passwords, and keys should be changed periodically or when there is staff turnover.
4. Any existing minutes and bylaws for all parish affiliate organizations should be on file at the parish.

Diocese of Madison

Recording Capital Assets

In accordance with GAAP and the USCCB, parishes and schools must account for the capital assets used in their operations. Capital Assets, sometimes referred to as long term assets, fixed assets, or buildings and equipment, represent assets that are generally held and benefit several accounting periods.

A. Definition of Capital Asset

1. An asset is defined as a capital asset if it meets the following criteria:
    a. The asset is tangible in nature, complete in itself, and is not a component of another item.
    b. The asset is used in the operation of the parish/school/cemetery's activities.
    c. The asset has a useful life of three years or more and provides benefit throughout that period.
    d. The individual asset is of significant value ($5,000 or more)
2. An item costing less than $5,000 should also be capitalized if:
    a. The item is an ancillary cost, such as freight, installation, or other costs incurred to acquire a capital item and prepare it for use.
    b. The item will be used with and become an essential part of a group, system, or configuration with a total value of $5,000.00 or more. (Note: This situation applies only to the initial acquisition of the system-generally all the components are purchased within the same fiscal year.)

B. Categories of Capital Assets

Once a parish has determined that an asset should be set up as a capital asset (capitalized), the parish then determines in which category the asset belongs. The Standard Chart of Accounts provides for the following categories:

1. Land
2. Land Improvements
3. Building
4. Building Improvements
5. Furniture and Equipment
6. Vehicles

C. Guidelines of Capital Asset Valuation and Categorization

1. The following guidelines are to be used to determine the value of and category to which the asset will be capitalized.
    a. Land: The cost of land acquired should include:
        i. The purchase price
        ii. Closing costs, such as title search costs, legal fees, and recording fees
        iii. Costs incurred in getting the land in condition for its intended use, such as grading, filling, draining, clearing, and surveying
        iv. Demolition costs
        v. Assumption of any liens or mortgages or encumbrances
        vi. Judgements levied through damage suits
    b. Land Improvements: The cost of land improvements should include:
        i. Constructed improvements such as culverts, fencing, flag poles, parking lots, roadways, sewer, water and electric lines, yard lighting, paving (roadways, walks, parking)
        ii. Landscaping improvements such as shrubs, lawns, and trees
    c. Buildings and Infrastructures: The cost of buildings and infrastructures should include all expenditures related directly to their acquisition and construction. The costs incurred include:
        i. Materials, labor (including design and supervision), and overhead legal and architectural fees
        ii. Building permits
        iii. Insurance premiums during the construction phase
        iv. Materials and services furnished by other state agencies
        v. Interest costs incurred during the construction of proprietary fund building and infrastructure
    d. Machinery and Equipment: This includes delivery equipment, office equipment, machinery, furniture and fixtures, and furnishings that exceed $5,000/unit. Costs that should be capitalized include:
        i. Purchase price
        ii. Freight and handling charges
        iii. Insurance while in transit
        iv. Assembling and installation costs

2. Record capital assets at acquisition or book value. While it may be customary to insure capital assets at replacement value, insurance value appreciation should not be recorded for fixed assets.

D. Capital Asset Records

1. Every parish, school, and cemetery must maintain permanent records of all capital assets. Each asset record should detail the following information:
    a. Description of asset
    b. Serial number if applicable
    c. Purchase date
    d. Vendor

e. Purchase price
f. Life of asset
g. Physical location
h. Person responsible for asset
i. General ledger account charges
j. Disposal date

2. A capital asset purchase requiring several disbursements to fully satisfy the obligation need only be documented on one asset record. Examples of this include separate invoices for computers and software or a construction project.

E. Fully Depreciated Assets

Assets that are still in use, but have been fully depreciated, will be reflected on capital asset records at historical cost and assigned a net book value (capital asset cost less accumulated depreciation) of zero to indicate the asset is still in use beyond its depreciable life. Assets must not be taken off the capital listing until disposal.

F. Depreciation and Useful Life

1. Depreciation expense must be calculated for all capital assets. The straight-line depreciation method is to be used (an equal amount of the fixed assets' acquisition cost is expensed each year of its useful life). The salvage value of all assets should be set at zero. The term "Accumulated Depreciation" is used to indicate the total depreciation expense that has accumulated from the time of acquisition to the present time. Depreciation will begin in the year a new asset is placed in service.

2. The facts and circumstances of the asset's use should determine useful lives. The following useful lives of capital assets are presented as a general guide:

Type of Fixed Assets	Useful Life:
Land	Not depreciated
Land Improvements	10 years
Buildings	40 years
Building Additions	20 years
Building Improvements	15 years
Furniture and Equipment	5 years
Vehicles	5 years

G. Capitalization of Costs Subsequent to Asset Acquisition

In general, if an expenditure improves the efficiency or materially extends the useful life of an asset, it should be capitalized. There are four categories of expenditures that may be incurred for an asset subsequent to its acquisition. These expenditures are additions, improvements and replacements, re-installations and rearrangements, and repairs.

1. Additions – Extensions, Enlargements, or Expansions Made to an Existing Asset

a. Additions should present no major accounting problems. By definition, any addition to a capital asset is capitalized because a new asset has been created. If the addition is an item that could stand alone, i.e., a new building wing, it is a separate asset, and separate asset and depreciation records should be maintained.
b. Examples of additions are as follows (coding of these transactions should be based on the work done):
    i. An elevator or dumbwaiter
    ii. Fire alarm system
    iii. Security windows
    iv. Surveillance equipment
    v. Sprinkler system, Internal
    vi. Acoustical treatment

2. Improvements and Replacements – The distinguishing feature between an improvement and a replacement is that an improvement is the substitution of a better asset having superior performance capabilities (e.g., a concrete floor for a wooden floor) for the one currently used, whereas a replacement is the substitution of a similar asset (a wooden floor for a wooden floor). In both of these instances, organizations should determine whether the expenditure increases the future service potential of the capital assets or merely maintains the existing level of service.

   When the determination is made that the future level has been increased, the new cost is capitalized. If the cost is to be capitalized, the carrying amount of the old assets and associated accumulated depreciation, if applicable, should be removed, if the amount is known. If the original cost and accumulated depreciation are not known, capitalize the additional cost.

3. Reinstallations and Rearrangements – Expenditures made to provide greater efficiency or reduce costs. If benefits from the reinstallation or rearrangement extend into future accounting periods, the expenditure should be capitalized. If the expenditure has no measurable future benefit, it should be treated as a current period expenditure. These are costs that will benefit future periods but do not represent additions, replacements, or improvements. If the original installation cost can be estimated, along with the accumulated depreciation to date, the cost may be handled as a replacement and the procedures in paragraph 2 above should be followed. Where the original cost is not known, the reinstallation or rearrangement cost should be capitalized.

4. Repairs (Ordinary and Major) – Repairs maintain the capital asset in its original condition. Ordinary repairs are expenditures that keep the asset in a state of good repair. Preventive maintenance, normal periodic repairs, replacement of parts, structural components, and other activities needed to maintain the asset so that it continues to provide normal service should not be capitalized but rather charged to an expense account. Ordinary repairs should not be capitalized.

   Major repairs are relatively large expenditures that benefit more than one operating cycle or period. If a major repair, e.g., an overhaul, occurs that benefits several periods and/or extends the useful life of the asset then the cost of the repair should be handled as an addition, improvement, or replacement depending upon the type of repair made.

Examples of repair activities are as follows:

a. Roof and/or flashing repairs
b. Window repairs and glass replacement
c. Tuck pointing
d. Painting
e. Masonry repairs
f. Floor repairs

H. The Accounting for Capital Assets

1. Sample Journal Entry for the Purchase of an Asset (assume building)

Debit	Building	$400,000	
Credit	Cash		$400,000

2. Sample Journal Entry for 1st year of depreciation (40 years)

Debit	Depreciation Expense	$ 10,000	
Credit	Accumulated Depreciation		$ 10,000

3. Sample Calculation of Asset Value

   The asset value of a capital asset will always be the asset account (in this case, Building) less Accumulated Depreciation. For example:

Building	$400,000
Accumulated Depreciation	($ 10,000)
Net Value	$390,000

I. The Write-down of Overstated Capital Assets

1. There currently exists a situation at many parishes in the Diocese of Madison whereby capital assets are grossly overstated. This situation has arisen due to one or both of the following situations:
   a. The parish has never depreciated the assets
   b. During a parish merger, capital assets were written up from historical cost to market value, excessively overstating their value (specifically parishes which merged prior to 2011).
2. In order to rectify the overstatement of capital assets and to accurately reflect the financial position of a parish, we recommend writing down the overstated capital assets. To accomplish this, we recommend setting up account #85500 *Capital Asset Value Adjustment* and charging the overstated fixed asset values to this account.
   a. For capital assets which were written up during the merging process:
      i. With the assistance of The Department of Parish Administrative Services, calculate the overstated value (capital asset value posted to the merged books less the book value per the balance sheet prior to the merge). This information should be found in the parish merger files in the diocesan archives.
      ii. This total balance should be written off.

iii. The journal entry will consist of a debit to account #85500 and a credit to account #18XXX *Capital Assets.*

b. For capital assets which were never depreciated:
   i. Obtain detailed list of assets including acquisition date and value of each asset.
   ii. Determine the original useful life of each capital asset
   iii. Calculate the proper book value – what the book value should be for each asset, had depreciation been taken. (Please keep in mind that if a building is older than 40 years and if furniture and fixtures are older than 5 years, then it should be fully depreciated.)
   iv. Calculate the write-down. (Current book value less proper book value.)
   v. If the asset is still in use and has a remaining useful life, the parish should begin to depreciate the capital asset for the remainder of its useful life.

Example 1: A building built in 1970 for a value of $1,000,000 has never been depreciated and the building is still in use. Since the building is older than 40 years, the entire value of building should be written-down. The entry would be a $1,000,000 debit to account #85500 and credit to account #193XX *Accumulated Depreciation*. (Please note that if the asset is no longer in use, then the asset should be completely removed from the books. The entry would be a $1,000,000 debit to account #85500 and a credit to account #183XX *Capital Assets*.)

Example 2: A building built in 2000 for a value of $1,000,000 has never been depreciated. Since the building still has a remaining useful life of 25 years, the asset should be written down for the initial 15 years. The entry would be a $375,000 (1000000/40*15) debit to account #85500 and credit to account #193xx *Accumulated Depreciation*. Subsequent years' depreciation should then be charged to depreciation expense, account #583XX.

Diocese of Madison

Recording Investments Gains and Losses

In accordance with Generally Accepted Accounting Principles (GAAP), unrealized and realized gains and losses on investments should be recorded. An *unrealized gain/loss* is the difference between the market value of an investment and its recorded value on a given date. A *realized gain/loss* is the difference between the market value of an investment and its recorded value on the day it is sold. Unrealized gains/losses are recognized when the asset is still owned. Realized gains/losses are recognized when the asset is sold.

When purchased, each investment should be set up at its original cost in an investment account. This account should not be touched again until the investment is sold. As market value changes over time, the resulting unrealized gains/losses should be recorded separately in the corresponding Valuation Adjustment account. By accounting for unrealized gains/losses in the Valuation Account as opposed to directly in the Investment Account, the overall success of the investment, as well as the current month and year to date activity, is easily determined by simply looking at the financial statements.

A. Portion of Chart of Accounts relating to Investments and Investment Gains/Losses

Following are the accounts that are used with respect to investments and the related realized and unrealized gains/losses:

Account #	Account Name
12000	UNRESTRICTED INVESTMENTS (header account)
12100	Unrestricted Investments – ST (CD's, Money Markets)
12200	Valuation Adjust-Unrestricted ST
12300	Unrestricted Investments – LT (Mutual Funds, Stocks)
12400	Valuation Adjustment – Unrestricted LT
14000	RESTRICTED INVESTMENTS (header account)
14100	Restricted Investments – ST (CD's, Money Markets)
14200	Valuation Adjust – Restricted ST
14300	Restricted Investments – LT (Mutual Funds, Stocks)
14400	Valuation Adjustment – Restricted LT

41000	UNRESTRICTED INVESTMENT INCOME (header account)
41100	Unrestricted Dividend Income
41200	Unrestricted Interest Income
41300	Unrestricted Unrealized Gain/Loss
41400	Unrestricted Realized Gain/Loss
42000	RESTRICTED INVESTMENT INCOME (header account)
42100	Restricted Dividend Income
42200	Restricted Interest Income
42300	Restricted Unrealized Gain/Loss
42400	Restricted Realized Gain/Loss

Please note that for each investment it is recommended that you set up a subaccount for both the investment account and the valuation account. To easily track each investment, use the same two digits for each (e.g., 12100**01** and 12200**01**) when building your account numbers. It is not necessary to give subaccounts to the income accounts (41000s and 42000s).

B. Monthly/Quarterly Statement for Investments

Most parishes/schools receive investment statements monthly or quarterly with market values listed. When these statements are received, make an entry to record any unrealized gains or losses (please remember realized gains/losses are to be recorded only when the investments are sold and monies are received).

Example: December 31, 2011

Market Value of ST Investment	*$ 98,000*
Original Cost Value of Investment	*$100,000*
Unrealized Loss	*$ (2,000)*

C. Recording Unrealized Gains/Losses

Record all unrealized gains/losses using the Valuation Adjustment Accounts (either #12200xx/ #12400xx for unrestricted investments or #14200/ #14400xx for restricted investments).

Given the example above, the unrealized loss would be recorded as follows (assuming this is an unrestricted account):

Debit	*#41300*	*Unrestricted Unrealized Gain/Loss*	*$2,000*
Credit	*#12200xx*	*Valuation Adjustment – Unrestricted ST*	*$2,000*

The market value of the investment account as of December 31, 2011 would be as follows:

Investment Account (Original Cost)	*$100,000*
Valuation Adjustment Account Balance	*$ (2,000)*

Market Value 12/31/2011	*$ 98,000*

D. Recording Unrealized Gains/Losses in Subsequent Months/Quarters

After the first recording of unrealized gains or losses, only the net change in unrealized gains/losses is recorded in the subsequent months/quarters. This is done to avoid double counting the unrealized gains and losses.

Given the example above, assume that as of January 31, 2012, the market value of the investment was $103,000, reflecting a total unrealized gain on the investment of $3,000 above the original cost of $100,000 and a net unrealized gain on the investment of $5000 above prior period market value.

The Net Change in Unrealized Gain/Loss is calculated as follows:

Market Value 1/31/2012	*$103,000*
Less: Market Value 12/31/2011	*$ 98,000*
Net Change in Unrealized Gain/Loss	*$ 5,000*

The Net Change entry for 1/31/2012 would be as follows:

Debit	*#12200xx*	*Valuation Adjustment – Unrestricted ST*	*$5,000*
Credit	*#41300*	*Unrestricted Unrealized Gain/Loss*	*$5,000*

The market value of the investment account as of 1/31/2012 would be as follows:

Investment Account (Original Cost)	*$100,000*
Valuation Adjustment Account Balance	*$ 3,000*
Market Value 1/31/2012	*$103,000*

E. Recording the Sale of the Investment

When the investment is sold, in addition to removing the asset from the books, realized gains or losses are recognized. Again, only the net change is realized as a gain or loss in the current period. This is done to avoid double counting the gains and losses.

Given the example above, assume that on 2/29/2012, the investment is sold. The market value of the investment as of this date is $105,000, reflecting a total realized gain on the investment of $5,000 above the recorded cost of $100,000 and a net realized gain on the investment of $2000 above prior period market value.

The Net Change in Gain/Loss is calculated as follows:

Market Value 2/29/2012 (selling price)	*$105,000*
Less: Market Value 1/31/2012	*$103,000*
Net Change in Gain/Loss	*$ 2,000*

The Entry to Record the Sale on 2/29/2012 would be as follows:

Debit	*#11000*	*Cash*	*$105,000*
Credit	*#12100xx*	*Unrestricted Investment-ST*	*$100,000*
Credit	*#12200xx*	*Valuation Adjustment – Unrestricted ST*	*$3,000*
Credit	*#41400*	*Unrestricted Realized Gain/Loss*	*$2,000*

Diocese of Madison

Recognizing and Recording Restricted Contributions

Canon 1267 §3 emphasizes the importance of restrictions placed on a gift by stating, "Offerings given by the faithful for a specified purpose may be used only for that purpose."

Restricted contributions must be recorded in a restricted revenue account when they are received. When dealing with cash, the parish may or may not set up a separate bank account for restricted funds; however, restricted funds must be held in the account until the conditions are met and/or the funds are used for their intended purpose. Financial obligations resulting from restricted contributions are reflected in the Net Assets (Equity) section of the Statement of Financial Position (Balance Sheet) (see Accounting – Net Assets Owner's Equity & Retained Earnings for details).

A. Related Policy Information

Definition: A restriction on a contribution is a donor-imposed limitation on the use of a contribution. A donor can restrict a contribution by giving it for a specified purpose or by making it subject to some condition or obligation.

Example (1): A donor makes a contribution toward the construction of a new parish building on the condition that construction on the building is carried to completion. Until the contribution is used for the construction of the building, the contribution must be recorded as temporarily restricted and must not be used for other purposes. The restriction goes away when the condition of the donor (construction of the building) is met. If the building is never built, the parish has an obligation to return the contribution to the donor.

Example (2): A donor makes a contribution to an endowment fund with the condition that the income from the contribution will fund operations of the parish. This contribution is restricted permanently. That is, the original contribution (or corpus) can never be used. Any income from the contribution can be used as directed by the donor.

Note that some conditions or obligations attached to donations may not have anything to do with the actual use of the donation. For example, a parishioner might give $10,000 on the condition that a classroom is named after him, without restricting the use of the $10,000 in any way. **The present policy is only concerned with restrictions on the use of funds based on the purposes, conditions, and obligations specified by donors.** Other conditions and obligations must be honored if the donation is accepted, but they have no bearing on whether the donation should be considered restricted funds.

1. **No pastor, administrator, or other representative of the receiving organization can create a restriction.** Only a donor has the ability to impose a condition and thereby create a restriction on a contribution. (An exception may exist if the donor relinquishes funds to the pastor to be used at his discretion and the pastor then chooses to place the funds in the endowment. Depending upon the terms of the endowment, this may restrict the funds permanently.)
2. **Grave moral, ethical, and legal obligations:** Because of the obligations associated with receiving a restricted contribution, it is critical that the receiving organization have both the desire and the intention to meet the donor-imposed condition of the contribution. It is preferable to refuse a contribution than to accept conditions that do not support the mission or goals of the organization.
3. **Restricted contributions are exempt from the Diocesan Annual Assessment.** However, no restricted contribution may be solicited or accepted merely for the purpose of avoiding the Annual Assessment.

Diocese of Madison

Net Assets: Owner's Equity & Retained Earnings

A basic concept in the non-profit world of parish accounting is the net asset. Stated simply, a net asset is assets less liabilities. Net assets also are called funds. In the secular world, this part of the financial statement would be called Owner's Equity. In our Chart of Accounts, we list net assets as Retained Earnings.

A. Categories

In general, the parish classifies current net assets in three categories: unrestricted, temporarily restricted, and permanently restricted. For organizations that receive contributions or grants with donor-imposed restrictions, the three current net asset classifications will be collapsed into two. Unrestricted net assets will become net assets without donor restrictions; temporarily and permanently restricted net assets will collectively become net assets with donor restrictions. Footnote disclosures will include the differentiation between temporary and perpetual donor restrictions. In addition, disclosures relating to amounts and purpose of board-designated net assets will be required either on the statements or in the notes.

1. Net Assets without Donor Restrictions
    a. Unrestricted Funds – Net Assets without Donor Restrictions are funds that have no donor restrictions placed upon them. Parishes use the unrestricted net assets for daily operations.
2. Net Assets with Donor Restrictions
    a. Temporarily Restricted Funds – Temporarily Restricted net assets are funds which have been restricted by a donor for a particular purpose and/or time. Examples of temporarily restricted funds may be a donation made specifically for a new air conditioner, the building of a new church, or the repayment of a material debt. Mass Stipends should also be included as temporarily restricted.
    b. Permanently Restricted Funds – Permanently restricted net assets are endowments and other funds that are supposed to be kept in perpetuity. The parish often can use only the income from a permanently restricted net asset – not the principal.

Please note: ***only a donor*** *can restrict funds.*

B. Year-End Entry to Re-Classify

The Department of Parish Administrative Services recommends that parishes set up the two separate accounts for the net asset classification. At the end of the fiscal year, the net asset component of the balance sheet should be clearly delineated among the two classes of net

assets. QuickBooks software does not maintain this distinction, and therefore, we recommend the bookkeeper maintain a detailed spreadsheet of all permanently and temporarily restricted assets during the year. When the books are closed at the end of the fiscal year, QuickBooks will automatically close the balance to the Retained Earnings account. Consequently, at fiscal year-end, bookkeepers will need to reclassify the net assets to the two classifications (Net Assets without Donor Restrictions and Net Assets with Donor Restrictions) by journal entry.

C. No Other Postings to Net Assets

The year-end journal entry re-classifying net assets into the proper accounts is the **only** time during the year when the bookkeeper should be touching the net asset accounts. Journal entries should never be made directly to a net asset account. All transactions occurring during the year should be posted correctly to the revenue, expense, asset, or liability account – **not** to retained earnings. If you are unsure about how to post a transaction, please contact the Director of Parish Administrative Services.

Diocese of Madison

Scrip Accounting

The proper accounting for Scrip is very important, both for safeguarding purposes and to quantify the profit. For accounting purposes, your parish's/school's records should reflect a Scrip Checking account, Scrip Inventory account, and a Scrip Fundraising account (will reflect net profit).

As noted in the Finance – Scrip Fundraising, a separate checking account should be set up for Scrip. This account should be used to deposit Scrip income, pay for Scrip inventory, and may also be used to purchase school items with excess funds. (This allows a parish/school to see exactly what the profits are being used for. It reinforces an appreciation for the program and encourages others to participate when parishioners see a tangible benefit.) Proper approval must be received prior to any purchase. An alternative would be to transfer excess funds into the general operating checking account, and purchases made as usual.

Inventory should be maintained under the 16000 accounts. The current parish COA already has an existing 16000 Inventory Account set up. Please add account #16200 Scrip Inventory as a subaccount of 16000. The School COA does not utilize the 16000 Inventory accounts. Please set up account 16000 as an inventory account entitled "Inventory" and 16200 as a subaccount entitled "Scrip Inventory." If you are using the revised COA template, parish Scrip inventory would be 161XX or 16100XX, and school Scrip Inventory would be 162XX or 16200XX. "XX" represents a subaccount number which should be assigned to designate it as Scrip.

The Scrip Fundraising Accounts for the current COA are: #49510 Merchandise Discount Program – Scrip for the school and #45600XX Other Fundraisers for the parish. The parish should assign a subaccount number to designate as Scrip. Both of these accounts are intended to report net profit for the program. If you are using the revised COA template, the Scrip Fundraising Account is #45600 for parish and #49530XX for school. A subaccount should be set up for the school to designate it as Scrip

Journal Entries for school under the current COA are as follows:

1. The purchase of inventory (assuming an ongoing program)

Debit	16200	Scrip Inventory	$900.00	
Credit	11100XX	Scrip Checking		$900.00

2. The sale of inventory

Debit	11100XX	Scrip Checking	$950.00	
Credit	49510	Scrip		$950.00

(To record the actual sale)

Debit	49510	Scrip	$900.00	
Credit	16200	Scrip Inventory		$900.00

(To remove the inventory of Scrip sold and record the cost)

3. Use of funds to purchase library books

Debit	64401	Library Books	$50.00	
Credit	11100XX	Scrip Checking		$50.00

Journal Entries for parish under the current COA are as follows:

1. The purchase of inventory (assuming an ongoing program)

Debit	16200	Scrip Inventory	$900.00	
Credit	11100XX	Scrip Checking		$900.00

2. The sale of inventory

Debit	11100XX	Scrip Checking	$950.00	
Credit	45600XX	Scrip		$950.00

(To record the actual sale)

Debit	45600XX	Scrip	$900.00	
Credit	16200	Scrip Inventory		$900.00

(To remove the inventory of scrip sold and record the cost)

3. Use of funds to pay for utilities

Debit	53310	Electric-Church	$50.00	
Credit	11100XX	Scrip Checking		$50.00

Please note that all purchases of Scrip hit the checking account and the inventory account. The sales of Script should hit the Scrip Checking Account, Inventory and the Scrip Fundraising Account (Since this is a net account, the fundraising account gets hit twice at the time of the sale – once for the income generated by the sale and once for the cost of the certificates sold.)

The use of excess funds to purchase items for the parish/school should debit (increase) the applicable expense account and credit the appropriate checking account. The use of excess funds to purchase items for the parish/school should not result in any charges against the Scrip Fundraising Account.

Note: For other programs similar to Scrip (e.g. certificates purchased from Kwik Trip at a discount and sold for face value), please use the same accounting procedures as noted above. Further, we recommend that you follow the IRS guidelines noted above.

Diocese of Madison

Mass Stipends

The Mass stipend is regulated by canon 952: "It is for the provincial council or a meeting of the bishops of the province to define by decree for the entire province the offering to be given for the celebration and application of Mass, and a priest is not permitted to seek a larger sum. Nevertheless, he is permitted to accept for the application of a Mass a voluntary offering which is larger or even smaller than the one defined." The stipend suggested in the Diocese of Madison is currently **$10.00 per Mass.** Each parish must maintain accurate records from whom the Mass stipends were received, the date received, the amount of the offering, the intention associated with the stipend, and the date when the Mass intention was satisfied.

A. Accounting for Mass Stipends

For accounting purposes, Mass stipends are recorded in Account #48120 when received and in Account #50915 when paid to the celebrant.

The Mass stipend bank account and Mass record book need to agree. At least twice a year the accounts need to be reconciled. The unsaid Masses should be counted and multiplied by the monetary donation for the Mass and that balance should correspond to the Mass Stipend bank account. This account should have detailed transactions entered for every month so that the bank account can be reconciled with the Mass record book.

If a stipend account balance is in excess of the number of Masses a priest can say within a year, the extra Masses should be forwarded to another priest or to the Vicar General to be distributed for Masses celebrated by retired priests. A priest may receive one stipend per day. A pastor, on Sundays and holy days may retain a stipend for himself provided that the obligatory Mass pro-populo has been fulfilled. Other stipends received for that day are to be forwarded to the chancery coded as binations.

B. Internal Control Tips to Maintain the Stipend Account

Mass stipend checks received should be endorsed immediately and deposited at least once a week, if not more frequently. Checks that are not taken to the bank right away should be locked up in a file cabinet or safe until they can be taken to the bank. A spreadsheet or special record should be kept to show the status of the stipends received and their subsequent Mass celebrations.

C. Method of Payment and Tax Reporting

Canonically, Mass stipends are offered directly to priests by the Christian faithful. Nevertheless, clergy should be paid Mass stipends by check from the parish to facilitate the required tax reporting. Mass stipends are taxable income for federal and state income tax, as well as Social Security tax purposes. Mass stipends should be included with salary, allowances, and supplements in Box 1 of IRS Form W-2 for all diocesan parish priests. Stipends for parish priests other than diocesan priest (i.e. Society or Dominican priests) should be paid directly to their order and recorded on IRS Form 1099-MISC at year end. In the case of an outside priest, not associated with the parish, celebrating Mass, (i.e., priestly help-out at the parish) the Mass stipend should be paid to the outside priest who fulfills the Mass stipend intention. Furthermore, if the total of all Mass stipends and fees paid to the outside priest for the calendar year total $600 or more, the parish should issue an IRS Form 1099-MISC to the outside priest. If the total of all Mass stipends and fees paid to the outside priest totals less than $600, it is the outside priest's responsibility to include those paid Mass stipends and fees as taxable income when filing his tax return.

D. Reviewing Stipend Account Bank Reconciliations

The pastor should receive the unopened bank statements, review deposit activity and canceled checks for unusual or obvious inconsistencies, and initial prior to forwarding the statements to the individual responsible for the preparation of the bank reconciliations. The bank statement for the Mass stipends should be reconciled monthly to the general ledger and/or checkbook.

Note: Please see Pastor – Priest Compensation for a differentiation between Mass Stipends, Stole Fees, Help-Out Fees, and the related mileage reimbursement, as well as the detailed tax implications of each.

Diocese of Madison

Collections (Funds) Held for Others Accounts

The Collections Held for Others accounts are set up to record contributions that are collected by the parish for a specific charity. The funds collected are intended to go directly to the charity and do not benefit the parish. Thus, these funds are not recorded as revenue. The parish sends them onto their destination as soon as possible.

There are two main types of Collections (Funds) Held for Others: collections authorized and required by the Diocese of Madison and collections which are directed by the parish.

A. Diocesan Collections

Throughout the year, the diocese requires each parish to collect for certain charities. Each Diocesan collection has its own liability account. These liability accounts are set up as Current Liabilities under the Header Account #24000 Collections (or Funds) Held for Others. QuickBooks and ParishSOFT use the same account numbers for these liability accounts. As of February 2012, these accounts are as follows:

Independent Diocesan Collect (Header)	24050
Holy Land	24051
Respect Life	24052
Bless our Priests	24053
National Collections (Header)	24100
National Combined Collect.	24101
Black & Indian Missions	24102
Human Development	24103
Communications Campaign	24104
Home Missions	24105
Retirement for Religious	24106
Catholic Univ. of America	24107
International Collections (Header)	24150
Internat'l Combined Collect.	24151
Catholic Relief Services	24152
Central & Eastern Europe	24153
Latin America	24154
Peter's Pence	24155
World Mission Support	24156

Please refer to the Diocese of Madison website for the current year's collection schedule. Although certain collections may be combined, parishioners may still designate the intent of their donation if they wish.

All of the Diocesan Collection Liability accounts (#24050-#24156), with the exception of the Bless Our Priest (#24053), should be collected at the parish, recorded at the parish and then paid to the Diocese of Madison at least quarterly. They can be written on one check, but a breakdown as to how much goes to each charity is needed. Once paid, the balances in the Diocesan Collection Accounts should be zero.

B. Bless Our Priests Collection (#24053)

The Bless Our Priests collection should be handled like the ACA, in that the envelopes should be sent unopened to the Diocese. The Diocese will be responsible for supplying your parishioners with annual contribution statements for these donations.

If the envelopes do happen to be opened at the parish level, then proceed to record the donations as in Section A. Diocesan Collections and submit as usual to the diocese. If this happens, though, please note that the parish is then responsible to include this donation in the annual contribution statement.

C. Parish Collections

Other collections for charities may take place at the parish given one of the three following circumstances:

1. If an extraordinary event occurs, such as a natural disaster, the diocese may initiate a mandatory collection to benefit a particular charity. The parish should then hold the collection and submit the funds as in Section A. Diocesan Collections above.
2. If an extraordinary event occurs, such as a natural disaster, the diocese may initiate a discretionary collection to benefit a particular charity. In this case, the Diocese supports the charity but leaves the option to collect in the hands of the parish. Should the parish choose to participate, the parish should then hold the collection and submit the funds as in Section A. Diocesan Collections above.
3. A parish may wish to collect for a specific charity. These collections should be rare and must receive the approval of the pastor. The parish would then hold the collection, record the donations and then submit the funds directly to the charity.

Account #24700 – Other, is to be used for other collections designated by the parish (or initiated by the diocese) for charity, such as "Hurricane Sandy". These collections should be given a sub-account number for proper record keeping (#24700XX).

Please note, these accounts are *not* intended to record funds for building or other parish projects. As stated above, the funds collected in these accounts are intended to go directly to a charity and do not benefit the parish.

D. Collections for the Propagation of the Faith

Collections for the Propagation of the Faith should be collected and coded to account #24200. These funds, once collected in full and recorded, should be submitted in a single check to the following address:

Office of the Propagation of the Faith
Attn: Fr. Chad Droessler
702 S High Point Rd Suite 225
Madison, WI 53719

Diocese of Madison

Recording Financial Information from Auxiliary/Affiliated Organizations

It is the policy of the Diocese of Madison that all organizations using the parish EIN (Employer ID Number) record their financial data within the parish records. These organizations, by using the parish EIN, are part of the parish and therefore not a separate legal entity.

The following steps should be taken with respect to auxiliary organizations to assure that all parish assets are properly maintained and secured:

A. Bank Accounts

Auxiliary/affiliated organizations may have separate accounts based on the approval of the pastor. The pastor must be included as an authorized signer on all auxiliary organization bank accounts.

Since the Auxiliary Organization uses the parish EIN, any excess funds in the Auxiliary Organization's bank account should be transferred to the parish operating account. A reasonable balance may be maintained in the account to fund future activities.

The monthly bank statements for all auxiliary organization accounts should be sent directly to the parish office to be reviewed and reconciled. This keeps the parish management apprised of the financial activity of the organization and is a good check to ensure accuracy and propriety.

Auxiliary organizations should use the same purchasing and cash receipting procedures as the parish.

B. Recording Revenue and Expenses

All revenue for auxiliary organizations should be recorded under account #48400 – Income for Auxiliary Organizations. Likewise, expenses for auxiliary organizations should be recorded under account #56800 – Expenses for Auxiliary Organizations. A subaccount should be used for each auxiliary organization. For example, the Men's Club Income may be recorded under account #48400*01* or #484*01* and Men's Club Expense under account #56800*01* or #568*01*. As an additional example, CCW Income may be recorded under account #48400*02* or #484*02* and CCW Expense under account #56800*02* or #568*02*.

These series of accounts are new to the COA (Chart of Accounts). If you do not have them, please set them up. If you should need assistance, please contact the Director of Parish Administrative Services.

C. Recording Cash Gifts from Auxiliary Organizations to the Parish

Since the auxiliary organization is technically part of the parish, we do not recognize gifts from the organization to the parish on the Statement of Activities (Profit and Loss). This money has already been recorded as revenue and to recognize it as revenue again would be to double count it.

The auxiliary organizations are, of course, welcome to allocate part of their funds to pay parish bills. This would be done as a cash transfer (debiting the parish cash account and crediting the auxiliary organization cash account). The auxiliary organization may designate where the funds are to be used, but since this is already technically parish money, it is not considered or recorded as restricted funds (see Appendix C. Accounting – Sample – Auxiliary Organization Activity for Bank Reconciliation). A restricted gift may only be made by a donor (see Accounting – Recognizing and Recording Restricted Contributions).

Diocese of Madison

Cemetery Accounting

The financial records of all parish cemeteries are to be recorded on the parish books under the same platform (QuickBooks) as the parish and school.

A. Bank Accounts

All safeguards and controls for parish and school bank accounts apply to the cemetery bank accounts, including but not limited to:

1. Pastor as authorized signer
2. Checks kept in secured vault **on parish property**

B. The Position of the Sexton

1. The Sexton is an employee of the parish
2. A separation of duties should exist between the employee who makes the sale of the cemetery lots and the employee who handles the funds.

C. Accounting Records and Policies

All policies in this manual relating to reporting, internal control, cash management, investments, contributions, and employees also apply to parish cemeteries.

D. Perpetual Care Funds

Perpetual care funds are restricted funds and are to be maintained as such. They should be recorded in the cemetery books.

Diocese of Madison

Required Employment Forms and Filings

The following forms are required for employment:

A. IRS Form W-4 – Employees Withholding Allowance Certificate

Employees should complete IRS Form W-4 so that their employer can withhold the correct Federal income tax from their pay. Employees should consider completing a new IRS Form W-4 each year and when their personal or financial situation changes.

B. IRS Form I-9 – Employment Eligibility Verification

All U.S. employers should complete and retain an IRS Form I-9 for each individual they hire for employment in the United States. This includes citizens and noncitizens. On the form, the employer must examine the employment eligibility and identity document(s) an employee presents to determine whether the document(s) reasonably appear to be genuine and relate to the individual and record the document information on IRS Form I-9. The list of acceptable documents can be found on the last page of that form.

C. WI Form WT-4 – Wisconsin Withholding Exemption Certificate – New Hire Reporting

The *Employee's Wisconsin Withholding Exemption Certificate/New Hire Reporting*, Wisconsin Form WT-4, must be completed so that employers know how much state income tax to withhold from your employees' wages.

D. Church Unemployment Pay Program - CUPP

The Church Unemployment Pay Program (CUPP) was developed in 1986 at the direction of the bishops of Wisconsin to assist parishes, schools, and other Church employers in meeting their social justice responsibilities by providing Church funded unemployment coverage for lay employees. CUPP provides employees with a temporary pay continuation plan during the period they seek new employment if their job is terminated for certain unavoidable reasons. The diocese and diocesan parishes and/or institutions participate in the Church Unemployment Pay Program rather than the State of Wisconsin unemployment program. Since the diocese does not participate in the state program, employees may apply with the Church Unemployment Pay Program.

E. Safe Environment Forms

Background check

When conducting an employment background check, employers can check employees' credit, criminal record, work history, and driving record. When potential employees complete an employment application form, it should give them an idea of what's being checked. From a work history perspective, the potential employee should keep in mind that when they sign the application, they are giving the company permission to check their background. They are also giving their previous or current employer their consent to release the information. If they include references on the application, they can expect them to be contacted as well.

Protecting God's Children – VIRTUS Training

The VIRTUS training, "Protecting God's Children" program is designed to increase one's knowledge and awareness of child sexual abuse and how one can help prevent the sexual abuse of minors and to implement the proper response when abuse may be indicated.

The primary goal of the VIRTUS program is to educate all volunteers in the recognition and prevention of sexual abuse.

Statement of Receipt and Agreement Regarding the Diocesan Code of Pastoral Conduct and the Diocesan Sexual Abuse Policy

Priests, deacons, pastoral ministers, administrators, staff, and volunteers in our parishes, religious communities/institutes, and organizations must uphold Christian values and conduct. The *Diocese of Madison Policy Regarding Sexual Abuse of Minors, Sexual Misconduct, and Sexual Harassment* and the *Diocese of Madison Code of Pastoral Conduct* provide a set of standards for conduct in certain pastoral situations. The *Statement of Receipt and Agreement* is a form requiring a signature acknowledging the receipt of these documents and an agreement to abide by the provisions of both.

Diocese of Madison

Parish Employee vs. Independent Contractor

The distinction between **Independent Contractor** and **Employee** is important for federal tax purposes.

A. Independent Contractor vs. Employee

1. Independent Contractor – The general rule is that the organization has the right to control and direct only the result of the work done by an independent contractor and not the means and methods of accomplishing the result.
2. Employee – Anyone who performs services for an organization is the organization's employee if the organization can control what will be done and how it will be done.

As a general rule, when in doubt, the worker should be classified as an employee and IRS Form W-2 should be issued. The classification of the in-between worker can become more difficult: the once-a-week organist, the part-time housekeeper, or the volunteer youth worker to whom a stipend is paid. The preferences of the worker or employing entity do not govern the classification.

The IRS has also applied a seven point test to determine an employment relationship between the parties. Relevant factors include:

1. The degree of control exercised by the principal over the details of the work;
2. Which party invests in the facilities used in the work;
3. The opportunity of the individual for profit or loss;
4. Whether or not the principal has the right to discharge the individual;
5. Whether the work is part of the principal's regular business;
6. The permanency of the relationship; and
7. The relationship the parties believe they are creating

Answering "yes" to one or more of the following questions may indicate employee status:

1. Does the parish control how, when, and where the work is done?
2. Does the parish furnish the tools or equipment used to do the work?
3. Does the parish furnish an office where the work is performed?
4. Is payment based on time spent rather than the task performed?

5. Does the parish provide training for the individuals?
6. Does the individual participate in employee benefits?

If you are unsure of how to treat an individual, please contact the Director of Parish Administrative Services. The IRS considers clergy (priests and deacons) employees for Federal income tax purposes, but self-employed for Medicare and Social Security tax.

Caution: An organization can be held liable for employment taxes, plus interest and penalties, if a worker is incorrectly classified as an independent contractor. There can also be liability issues if an independent contractor is hurt while working at the parish.

The IRS is starting to scrutinize the classification of contractors and employees. The penalties for improperly classifying employees can be severe.

B. Reporting Requirements

1. Independent Contractor – Payments of $600 or more made to a person or company (other than a corporation) are reported on Form 1099-MISC (see Accounting – Parish Taxes – Section E. IRS Form 1099-MISC Miscellaneous Income for more detail).
    a. **IRS Form W-9 – Request for Taxpayer Identification Number and Certificate –** In order to file Form 1099, the Independent Contractor needs to complete IRS Form W-9, so that you have the person's Social Security number or the company's Federal Identification Number.
2. Employee – All wages paid in a calendar year are reported on IRS Form W-2. The employer must withhold income tax and the employee portion of Social Security and Medicare tax. Periodic payment and reporting of withholdings and employer portion of Social Security and Medicare tax are required. For most parishes, this is done quarterly, using IRS Form 941, *Employer's Quarterly Tax Return.*

Diocese of Madison

Federal Laws Regarding Worker Classification

The U.S. Department of Labor ("DOL") enacted the Fair Labor Standards Act of 1938 (FLSA), with the intent of establishing minimum wage, overtime pay, record keeping, and youth employment standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments. Further revisions and iterations have been published since, with the most recent being the 2010 Patient Protection and Affordable Care Act.

In 2014 a new revision went into production that was to become effective December 1 of 2016. It was aimed to increase the minimum wage requirement for exemptions to laws regarding overtime pay. This notion was enjoined by a U.S. District Court Judge. After three appeals, on June 30, 2017, the decision was made by the Trump administration to not defend the original mandate. **As a result, the revisions of 2010 remain the most current iteration of the Fair Labor Standards Act that all parishes are required, by Federal law, to follow.**

Hourly or non-exempt workers are always entitled to overtime pay. Employees should be classified as non-exempt if their positions are hourly related work (typically not professional), avoiding the temptation of classifying them as salaried employees as to meet possible exemptions that might otherwise apply. An employee who works 41 hours in one week and 39 hours in the next week is eligible for 1 hour of overtime pay, even if both weeks are on the same pay period.

The FLSA does not address part-time employment. Whether an employee is considered full-time or part-time does not change the application of the FLSA.

It is best practice to pay employees overtime and to apply exemptions scarcely.

A. Application

1. All hourly or non-exempt employees are eligible for overtime pay.
2. For salaried employees, compare their individual duties with those listed under the various exemption classes as set forth in the Worker Classification – Appendix, below.
    a. If one of the exemptions may apply, ensure that the employee meets all of the requirements, including the *salary requirement*, before assuming that they are exempt.
3. Individuals who are exempt from FLSA coverage are not required to be paid minimum wage or overtime.
4. Banking time off instead of paying overtime is not allowed.

5. Review job descriptions, wage and hour policies and procedures, and record keeping practices.
    a. Non-exempt employees can check their e-mail at night, for example, but the time must be recorded as "worked."
    b. Records must reflect **all** hours worked each day.
    c. One is not allowed to volunteer to do their job as set for in the Worker Classification – Appendix, below.
    d. Supervisors are responsible for reviewing timesheets before submitting them to payroll.
6. Closely monitor employees' week by week duties to ensure no change to their exemption status takes place. Job descriptions should match actual job duties and responsibilities performed by the employee. If a change does occur, they must be compensated accordingly.
    a. **Remember: Exemption is determined based on actual job duties, not job description or title.**

Diocese of Madison

Worker Classification – Appendix

A. Exemptions

Do not *apply exemptions unless you are certain they apply. There are considerable fines and penalties related to improper application of exemptions that the DOL strictly enforces. Unless an employee's* ***job responsibilities*** *(not title or written description), match all of the requirements listed in an exemption, they are "non-exempt," and thus, eligible for minimum wage and overtime pay.* ***Use exemptions conservatively*** *to best protect your parish. Failure to comply with the new law may result in administrative enforcement of the law.*

There are several kinds of "white collar" exemptions available, each with its own requirements that must all be met to qualify one for that exemption. **Unless specifically stated otherwise, each exemption first requires** the employee to pass the minimum salary requirement of $455 per week.

Links are provided with each exemption class. Ensure you read them before applying the exemption.

1. Executive Exemption https://www.dol.gov/whd/overtime/fs17b_executive.pdf
    a. Employee's primary duty must be managing the enterprise or managing a customarily recognized department or subdivision of the entity, and
    b. They must customarily and regularly direct the work of at least two other full time employees, or their equivalent, meaning a total of 80 hours per week of employee time (not including self), and
    c. Must have particular weight in the hiring, firing, promotions, or demotions of individuals.
2. Administrative Exemption https://www.dol.gov/whd/overtime/fs17c_administrative.pdf
    a. Employee's primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers (meaning parishioners and the faithful), and
    b. Their primary duty includes the exercise of discretion and independent judgement with respect to matters of significance, rather than clerical duties. Matters of significance are matters of great importance. Operating expensive machinery or exposing the company to loss does **not** qualify as significant matter.
    c. Special rules apply for school principals and vice principals (B. Examples).
3. Professional Exemptions https://www.dol.gov/whd/overtime/fs17d_professional.pdf

a. Learned Professional – Their primary duty must be predominantly intellectual in character, requiring advanced knowledge in science or learning obtained by collegiate level education, and using consistent exercise of discretion and judgement. Accountants and liturgical coordinators would be applications of this exemption.
b. Creative Professional – Their primary duty must be the performance of work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor. Musicians would be one application of this exemption.
c. Teachers – **Do not** have to pass the salary requirement to obtain exempt status. If their primary duty is teaching, tutoring, instructing, or lecturing, in the activity of imparting knowledge, and they are employed in this activity as a teacher in an educational establishment, they are exempt.

4. Ministerial Exception – *This is a developing area of regulatory law with recent court cases attempting to define the tests and criteria to determine the extent of its application. As such, we advise caution and conservatism in its use due to uncertainty and the possibility of administrative proceedings. More information is available in DOL Chapter 10b03. https://www.dol.gov/whd/FOH/FOH_Ch10.pdf*
    a. Their primary duties must be ministerial in nature, particularly surrounding charitable, societal and sacramental ministry.
    b. This exception applies to priests, deacons, monks, religious (nuns), and other members of religious orders, who serve religious obligations in schools, hospitals, or other institutions operated by their church, are not "employees" under FLSA.
    c. **Do not** have to pass the salary requirement.
    d. Other lay employees directly involved in worship must exercise "discretionary religious judgment" in carrying out their duties. Recently, the courts have acknowledged the existence of the ministerial exception and that it has been applied to worship directors that use "discretionary religious judgment" in selecting music and preparing choral arrangements for churches, e.g. planning the liturgy or selecting the music played during masses and services.

B. Examples

Job title and description do not qualify one for exemptions. Exemptions are based purely on the primary duties of the employee. Below are several applications.

Heads of schools, superintendents, principals and vice principals may be exempt as academic administrative employees with a *modified salary requirement* wherein they must either (i) meet the standard salary requirement, excluding lodging, board, or other facilities, or (ii) they must have a salary at or above that of the entry level teacher's salary in their place of employment.

Teachers, including preschool, kindergarten, gym teachers, coaches (who are paid employees), and degreed Directors of Religious Education may be exempt from FLSA protection if a written curriculum with academic topics and learning objectives is used and they meet the requirements listed in the professional - teacher exemption. If a curriculum is not provided, they are viewed as providing day care and are therefore non-exempt. Position descriptions for

teachers should be listed separately as “early childhood” and “classroom” or “elementary” teachers.

Accountants who are degreed, meet the $455 per week salary threshold, and primarily practice accounting may be exempt under the professional exemption.

Pastors, parochial administrators, and parochial vicars may fall under the ministerial exception.

A permanent deacon or religious sister who teaches at a school or works as a parish bookkeeper does **not** automatically fall under the ministerial exception. They must be evaluated based on their primary duties, which in these examples are teaching and accounting respectively. Further, a permanent deacon (ordained clergy) serving as a pastoral associate would likely have ministerial duties, but application of the ministerial exception depends on the primary duties of the role.

Directors of Religious Education and youth ministers, who are degreed, meet the $455 per week salary threshold, and serve primarily as religious educators and youth ministers may be exempt under the professional learned exemption. If, and only if, they do not meet the salary threshold, a case may be made for them to be exempt under the ministerial exception provided they conduct their duties exercising “discretionary religious judgment.” But consider very carefully the aforementioned regulatory law risks of using the ministerial exception.

Leaders of retreats in preparation of the sacraments, mission trips and outreach programs (pursuant of spiritual and corporal works of mercy), while serving in ministerial or sacramental functions, may be treated as falling under the ministerial exception provided that they exercise “discretionary religious judgement.” Clerical work spent in preparation for or following the administration of these programs does not fall under this exception, and therefore, time worked by the employee may be eligible for minimum wage and overtime compensation.

Volunteers are not protected under FLSA; however their work cannot be such that it displaces an employee or is work that would otherwise be performed by an existing or current employee. Paid employees may **not** volunteer for the same type of services to the non-profit organization that they are otherwise typically employed to provide. They may volunteer those services for a non-profit organization other than their employer. Volunteers cannot have an expectation of compensation for the work they do beyond minimal gratuity. Any compensation past this point will jeopardize their status as volunteers.

Diocese of Madison

Summary of Coverage

This summary has been prepared to give each pastor, pastoral administrator, principal, institutional director, or administrator in the Diocese of Madison a guide to the coverage which protects the property under the control of the Bishop. As used in this summary, references to the term "parish" are applicable to any parish, school, or other entity of the Diocese of Madison which is covered under this program. The following information is presented to furnish you with a quick reference to answer basic questions about what is covered and who to contact in case of a loss. We have tried to mention as many of the important provisions which relate to losses that are covered and those which are excluded or not covered as is possible within the confines of a brief guide.

This information is a summary of the coverages and limitations intended only to highlight and is not intended to detail all the provisions contained therein. Specific extensions, conditions, and limitations are shown on the Certificate on file at the Diocesan Office of Finance. If there is a conflict between a statement in this Summary and the actual Certificate, the terms of the Certificate control.

A. Protected Self Insurance Program

The Diocese of Madison entered into a Protected Self-Insurance Program in January 2004. The program provides cost effective and comprehensive insurance coverage. The plan is administered for the Diocese by:

Catholic Mutual Relief Society
Catholic Mutual Group
Kris Twining, Claims Risk Manager
702 South High Point Road, Suite 221
Madison, WI 53719
Office (608) 821-4566
Fax (608) 833-3794

The Protected Self-Insurance Program is a comprehensive insurance plan providing uniform coverage for all parishes or agencies organized within the Diocese of Madison. The program consists of two portions – self-insurance and excess coverage.

The self-insurance portion consists of a fund owned and supported by the participants. Subject to certain limitations, claims of the participating parishes or agencies will be paid from the Self-Insurance Loss Fund.

In cases where claims exceed the Self-Insurance Loss Fund limits, protection is provided through the purchase of catastrophe coverage. This is sometimes called "excess" insurance.

Funding

The payments made by the participating parishes or agencies provide the funding for the Self-Insurance Loss Fund, the excess layers, and the administration of the entire program by Catholic Mutual Relief Society.

Savings

In the Protected Self-Insurance Program, the savings remain in the program if the claims are less than the funding of the Self-Insurance Annual Loss Fund. These savings can then be used to offset the normal cost increases of the excess insurance coverage from commercial companies and, if feasible, to reduce the necessary payments from the participating parishes or agencies to maintain the program.

The cost of any insurance program depends on the claims to be paid. To assist all participating parishes or agencies in keeping claims to a minimum, Catholic Mutual Relief Society will provide on-site inspection and safety services. Reports will be submitted to indicate remedial measures necessary to correct deficiencies at these facilities. All locations benefit when each location promptly corrects improper, hazardous, and unsafe conditions.

B. Property Coverage

Covers property of every kind and description (meaning all Real and Personal Property, your interest in improvements and betterments to buildings you do not own, and property you agree to protect by written contract, subject to certificate limitations), including:

Perils

Covers direct physical loss to property on an all risk basis. Some of the common causes of loss included are:

1. Fire
2. Lightning
3. Wind
4. Hail
5. Explosion, other than steam boiler explosion
6. Riot
7. Civil commotion – unlawful uprising of three or more people
8. Aircraft and vehicle damage
9. Smoke – must be sudden and accidental
10. Vandalism

11. Theft of property

12. Sewer backup

No coinsurance is required for Replacement Cost Basis or Actual Cash value basis.

If Replacement Cost is applicable, we shall pay full cost of repair or replacement for a covered loss to building(s) or personal property but not to exceed the limit per building/contents amount shown on the Ledger Page(s). There will be no deduction for depreciation. However, as indicated under Section l, Property Exclusions, Catholic Mutual reserves the right to deem property as not covered and/or subject to depreciation if such property has been previously damaged by wear and tear, deterioration, or inherent defects at the time of a covered loss. An example of property potentially not covered is a 20 year roof in year 22 of existence, roofing systems subject to neglect, a roof improperly installed, a roof with manufacturers defect, or a roof with advanced deterioration the result of substandard ventilation.

Deductible

A deductible of $500 applies per location.

Automatic Coverage

Covers newly acquired real property and the contents of the newly acquired real property up to $10,000,000 used solely for church-related activities. However, Catholic Mutual should be notified immediately upon acquisition.

Debris Removal

Provides up to $50,000 in additional coverage for debris removal if the expense incurred is above the Limit of Coverage provided for covered property.

Builder's Risk

Most if not all projects of substance should utilize a third party builder's risk insurance plan. For recommendations on third party providers, as well as guidance for when builder's risk is applicable, contact the Office of Building, Construction, and Real Estate at the Diocese.

Flood Damage

Covers property damage by flood from overflow of streams or other bodies of water. A $10,000,000 per occurrence/annual aggregate is provided. Properties identified in Flood Zones "A" or "V' or "undetermined" have a $2,500,000 per occurrence/annual aggregate.

Earthquake

Covers losses resulting from earthquake or volcanic eruption, explosion or effusion up to a limit of $5,000,000 per location with a $25,000,000 per occurrence/annual aggregate limit. A 5% deductible applies "per building."

Property in the Open

Covers up to $100,000 for property in the open such as shrines, playground equipment, flagpoles, fences, bleachers, statues, signs and light poles.

Glass

All stained glass and plate glass is covered.

Trees, Shrubs, and Plants

$50,000 per occurrence, limited to losses caused by fire, lightning, explosion, riot, civil commotion, or aircraft. This coverage also includes debris removal.

Personal Property of Others

Coverage up to $50,000 for property of others used for your specific benefit and for the personal property of your employees damaged Coverage is excess to other valid and collectible insurance.

Religious Additional Expenses

We will pay up to $25,000 per occurrence for additional living expenses of each Religious, if such loss is the result of a covered peril.

Preservation of Property

We will pay for direct physical loss or damage to covered property while it is being moved from a **covered location** or stored at another location due to the need to preserve said property.

Fire Department Service Charge

We will pay up to $10,000 for fire department service charges when the fire department is called to save or protect a **covered location** from a covered peril;

1. Assumed by contract or written agreement prior to loss; or
2. Required by local ordinance or law.

Fire Equipment Recharge

We will pay the cost to refill you fire protection equipment if they accidentally discharge or discharge as intended to control a covered loss.

Appraisal or Inventory

We will pay for reasonable expenses for the taking of inventory and appraisals incurred by you at our request to assist in determination of loss amount.

Lock and Key Replacement

We will pay up to $5,000 for necessary replacement of locks and keys following burglary, robbery or mysterious disappearance of keys.

Pollutant Clean-up

We will pay your expenses, up to $25,000 to extract pollutants from land or water at a **covered location** if the release, discharge or dispersal of the pollutants is caused or results from a Covered Peril that occurs during the Certificate Period. The expenses will be paid only if they are reported to the Claims/Risk Manager in writing within 180 days or the earlier of:

1. The date of direct physical loss or damage; or
2. The end of the Certificate Period

C. Combined Additional Protection

Coverages included in the Combined Additional Protection blanket limit of $5,000,000 per occurrence/annual aggregate are as follows:

Ordinance or Law

Coverage for the demolition of the undamaged and damaged portions and the increased cost of reconstructing in conformity with requirements of building laws following a loss of by a covered peril.

Loss of Income

Covers your actual business loss and necessary expenses incurred to resume normal business operations following a loss from a covered peril up to 18 consecutive months.

Electronic Data Processing Equipment

Coverage for direct physical loss or damage as a result of a covered peril to computer hardware, media, software and data.

Mobile Equipment

Coverage for physical loss or damage to mobile equipment as a result of a covered peril. These items are covered on an actual cash value basis.

Valuable Papers and Records

Coverage for the reasonable cost and expense necessary to restore or replace books of account and other valuable records damaged as a result of a covered peril. It is recommended that such books of account be kept in fireproof storage, and copies of computer backup are stored off-site.

Accounts Receivable

Coverage for costs you incur as a result of a direct physical loss or damage of your records of accounts receivable damaged as a result of a covered peril.

Fine Arts

Fine arts are covered on a replacement cost basis up to the first $100,000.

D. Equipment Breakdown

Diocesan comprehensive coverage applying to loss arising out of any sudden and accidental breakdown of any boiler, fired or unfired vessel, refrigeration system, piping and accessory equipment, mechanical or electrical machine or apparatus which generates, controls, transmits, transforms or utilizes mechanical or electrical power.

Coverage is provided with a $100,000,000 limit per accident on a repair or replacement cost basis. A deductible of $1,000 per occurrence is applicable.

Coverage Includes:

1. Property Damage (included in accident limit)
2. Business Interruption/Extra Expense (included in accident limit)
3. Service/Utility/Off Premises Power Interruption (included in accident limit)
4. CFC Refrigerants (included in accident limit)
5. Expediting Expense – $1,000,000 limit
6. Defense, Settlement, Supplementary Payments
7. Refrigeration Interruption part of $100,000,000
8. Computer Equipment – $1,000,000 limit
9. Hazardous Substance/Pollutants – $1,000,000 limit
10. Perishable Goods/Spoilage/Consequential Damage $1,000,000 limit
11. Data Restoration – $1,000,000 limit
12. Demolition and ICC/Cost of Construction – $1,000,000 limit
13. Mold $10,000 limit
14. Newly Acquired Locations are automatically covered for up to 365 days

E. Property Coverage – Exclusions and Limitations

Under the property portion of the program there are certain exclusions that apply. They are shown on the certificate forms and include the following:

1. Buildings and contents losses from settling, shrinkage, or expansion in foundations, walls, floors, or ceilings.
2. Losses from wear and tear, inherent defect, deterioration, vermin or termites, corrosion, and all other losses of a degenerative nature.
3. War and Military action.
4. Nuclear damage losses.
5. Mechanical or electrical breakdown (except that which is covered under the Equipment Breakdown Coverage), including electrical currents artificially generated unless loss by

fire or explosion ensues, then Catholic Mutual Relief Society shall be liable only for the ensuing loss.

6. Animals and pets, aircraft; watercraft, automobiles; trailers, semi-trailers or any self-propelled vehicles or machines, except motorized equipment not licensed for use on public thoroughfares and operated principally on your premises.
7. The cost of excavations, grading, backfilling; foundations of buildings, machinery, boilers or engines whose foundations are below the undersurface of the lowest basement floor; underground pilings, piers, wharves or docks, pipes, flues and drains.
8. Land (including land on which property is covered), water, growing crops or lawns.
9. Unexplained shortages or property losses as a result of any willful or dishonest act by the protected person, or its agents or employees.
10. Pollution
11. Asbestos
12. Terrorism
13. Losses caused by mold that arises naturally due to high relative humidity, lack of ventilation, etc. However, if a covered loss occurs and mold develops "because of the covered loss," we will cover the mold damage and compliance testing.
14. Losses caused by neglect to use all reasonable means to save covered property at and after the time of loss.

F. Property Coverage – Loss Settlement Provisions

If Replacement Cost is applicable, we shall pay full cost of repair or replacement for a covered loss to building(s) or personal property but not to exceed the limit per building/contents amount shown on the Ledger Page(s). There will be no deduction for depreciation. As articulated in E. Property Coverage – Exclusions and Limitations, Catholic Mutual reserves the right to deem property as not covered and/or subject to depreciation if such property has been previously damaged by wear and tear, deterioration, or inherent defects at the time of a covered loss. An example of property potentially not covered is a 20 year roof in year 22 of existence, roofing systems subject to neglect, a roof improperly installed, a roof with manufacturers defect, or a roof with advanced deterioration - the result of substandard ventilation.

G. Crime Coverage

Employee Fidelity

Protects against the economic loss of dishonest acts of employees and volunteers. Limited to $250,000 unless noted otherwise.

Theft

Covers money, securities, fine arts, and other property not otherwise covered. Limited to $1,000,000.

Depositor's Forgery

Covered losses by forgery or alteration of checks, drafts, promissory notes, and bills of exchange. Limited to $250,000 unless noted otherwise.

H. Premises Public Liability Coverage

Each parish, mission, educational, charitable, and religious institution under the control of the Bishop is covered for Public Liability. This protects the Diocese, the parish, and any clergyman, religious, employee, parish trustee, or director while acting in the scope of his or her duties and any authorized person while working in the capacity of an agent and/or volunteer, provided that such person is operating within the scope of the duties delegated to such person. The liability coverage also extends to protect any church organization authorized and controlled by the parish or Diocese. Please note coverage does not extend to long term care facilities services.

The Liability portion of the coverage program provides Liability coverage for claims arising out of bodily injury, property damage, personal injury, advertising injury, and corporal punishment. "Personal Injury" extends to cover such things as false arrest, libel, slander and defamation of character, violation of right of privacy, wrongful eviction, discrimination, shock, and mental anguish. "Personal Injury" does not cover liability due to violation of penal statute, liability assumed under a contract, violation of antitrust laws, or employment related claims.

Fault Doctrine

The Diocese is not obligated to pay personal injury or property damage claims **unless** the Diocese is guilty of negligence in causing the injury or damage. There are no direct benefits available to injured individuals under Premises Public Liability Coverage if the Diocese is not negligent (other than Medical Payments benefits).

Medical Payments

Medical expenses resulting from injuries sustained on Diocesan-owned property, without weighing the question of the Diocese's legal obligation, are covered on an excess basis up to a $1,000 limit. We reserve the right to require the injured party submit to examination, at our expense, by physicians of our choice.

The Medical Payments feature of your program has certain exclusions and limitations, and it is important that you understand them. Four of the most important are:

1. It does not cover work-incurred injuries to employees. This coverage should be provided by Workers' Compensation insurance.

2. It does not cover students or those attending religious instruction classes. This exclusion pertains to Medical Payments coverage only. If a student is injured and a claim is made against the Diocese, the Diocese is protected under the regular Premises Liability Coverage. It is recommended that students carry the relatively inexpensive student accident coverage.

3. It does not cover injuries resulting from athletic activities.

4. It does not cover any tenant or other person regularly residing on the premises.

Athletic Activities

Liability protection is provided for claims resulting from athletic activities. This applies whether or not such athletic activities take place on or off the premises.

Parish Sponsored Activities

Coverage automatically extends to cover the Parish for events such as carnivals, bazaars, parties, and picnics sponsored by the Parish whether on or off the premises without additional charge. (Animal rides, carnival rides, or other mechanized rides or equipment should be approved by Catholic Mutual prior to the event) The Risk Management – Contract Review Policy should be implemented with regard to vendors providing services for special events for the parish to be sure there is adequate coverage to protect all parties. This policy requires you to obtain insurance from a vendor which names the Diocese and Parish as additional insureds.

Premises

"Premises" is defined as the area within the confines of the parish property and is extended to other locations away from the parish for occasional parish-related functions.

Products

Protection is provided for liability claims arising out of the consumption or use of food or merchandise, both on and off the premises.

Owner's Protective

This feature provides automatic liability coverage for the additional exposure to accidents as a result of new construction or major remodeling projects; however, all projects of this type should be reported to the Claims/Risk Manager as soon as they begin.

Teacher's Liability

All teachers on assignment are covered for their liability arising out of their teaching activities. Corporal punishment is included.

Contractual Liability

This feature extends the Plan to provide coverage for certain oral or written contracts or agreements. This does not cover breach of contract by either party. Please be sure to notify Catholic Mutual of any contracts.

Automatic Coverage

Coverage extends to newly acquired premises to be used for parish-related purposes; however, Catholic Mutual should be notified immediately upon acquisition.

Directors and Officers

Covers all educational, charitable, and religious institutions' boards operated and controlled by the Diocese.

Liquor Liability

Covers claims resulting from occurrences arising out of the sale or dispensing of liquor by a parish or a diocesan institution at scheduled social functions which are an integral part of the parochial or diocesan activities.

Watercraft

Covers non-owned watercraft up to 50 feet in length. This coverage does not protect the owner or provide physical damage coverage to the watercraft.

Care, Custody, or Control

Protects you from liability arising out of your use of personal property you do not own but which is in your care, custody, or control for the benefit and use of the Parish. Coverage is limited to $250,000.

Non-owned/Excess Auto

Excess auto coverage is provided to Religious, volunteers, and employees above their own coverage or the State financial responsibility limit while used for parish purposes. This extension of coverage is limited to $500,000 and does not apply until the religious, volunteers or employees own coverage is exhausted.

Employee Benefit Liability

Coverage provided for errors and omissions arising out of the administration of an employee benefit program.

Cemetery Errors and Omissions

Provides coverage for any alleged negligent act, error, or omission in conjunction with cemetery operations.

Fire Legal Liability

Protects the Diocese for its legal obligation for property damage to structures rented to or occupied by Diocesan entities.

Excess Employer's Liability

Protects the Diocese, Parish, or agency from liability for damages related to workers' injury-related claims against their employer. This coverage is excess to the employers liability coverage which is part of your Workers' Compensation coverage.

Employment Practices Liability Protection

Coverage provided for the actual or alleged discrimination against an employee or an applicant for employment and the actual or alleged wrongful employment termination against an employee, provided that such termination or discharge occurs only after you have sought and followed the advice of a qualified attorney or other individual approved by Catholic Mutual.

Counseling Errors and Omissions

Provides coverage for counseling activities in conjunction with the Church, and now extends coverage to psychologists and clinical psychologists. Coverage does not extend to other medical professional services rendered by a physician or other licensed health professional who may prescribe medications. Further, coverage **does not extend** to long term care facilities and services. Coverage also does not extend to Professional Services, which is defined as the rendering of or failure to render legal, engineering, surveying, architectural, financial advisory, scientific or other similar services.

Incidental Medical Malpractice Injury

Protects the Diocese, parish, or agency for injury arising out of the rendering of *medical screening* or related services, and nursing services (i.e. Parish Nurses, School Nurses, and Parish Health Fair), provided on your behalf. This coverage does not apply to any personal acts of a **medical professional**, except nurses for personal acts of a professional nature.

Medical screening means non-invasive inspection and examination of the body utilizing such instruments as the stethoscope, blood pressure apparatus, otoscope and audio/visual testing.

Medical professional means including but not limited to physicians, psychiatrists, physician assistants, pharmacists, optometrists, ophthalmologists, anesthesiologists, including nurse anesthesiologists, nurse practitioners, advanced registered nurse practitioners, nurse midwives, x-ray therapists, radiologists, chiropodists, chiropractors, podiatrists, acupuncturists, medical interns, externs or residents, paramedic/emergency medical technicians, dentists, orthodontists, dental hygienists, endodontists, periodontists, and any individual licensed to prescribe medication or admit to hospitals.

Limited Mold Coverage

Coverage provided for damages because of bodily injury or property damage caused by the actual, alleged, or threatened inhalation or ingestion of, contact, with exposure to, existence of or presence of any mold on or within a building structure, including contents. Coverage is limited to $250,000 per claimant subject to a per occurrence/annual aggregate limit of $20,500,000.

I. Priests' Personal Coverage

Priest/Religious Personal Property

Covers personal property of assigned priests and religious on a replacement cost basis up to $25,000. A deductible of $500 applies per occurrence. Theft is included. Additional coverage is available on an individual basis through Catholic Mutual for an additional charge.

Comprehensive Personal Liability

Covers each priest or religious on assignment for his negligent personal acts up to $250,000 per occurrence. This coverage does not include auto liability.

J. E-Commerce Protection

Covers your exposure to loss when conducting business activities across the internet. Coverage is limited to $250,000 annual aggregate and subject to a $1,000 deductible. Coverage includes:

1. Business Income Loss
2. Dependent Business
3. Intellectual Property Development Costs
4. Loss Event Liability*
5. Electronic Publishing Liability*
6. Computer Theft
7. E-Business Extortion

*Coverage for these agreements is limited to damages and defense expenses resulting from claims first made against you during the certificate period.

K. International Casualty Program

The following information is a brief summary of benefits provided through the International Casualty Program. Contact the Claims/Risk Manager for a complete listing of benefits and limits.

General Liability Coverage

This coverage applies to liability incurred as a result of foreign travel by your clergy, employees and volunteers or as a result of their temporary assignment to foreign locations. This coverage is subject to an Abuse or Molestation exclusion. It also does not extend to cover foreign facilities that you may own.

Foreign Auto Liability Coverage

This coverage provides you with Excess Auto Liability Protection over the primary coverage provided by a rental car company or the primary coverage taken out on any owned or leased automobile.

Foreign Voluntary Compensation and Employer's Liability Coverage

This coverage provides Voluntary Compensation Payments for injuries to your clergy and employees while traveling within the Foreign Coverage Territory. This coverage also entitles you to benefits provided by Catholic Mutual Group's Injury Assistance Plan. The Assistance Plan covers items such as:

1. Medical Referrals
2. Medical Evacuation
3. Repatriation
4. Delivery of Prescriptions
5. Return of Spouse and Children

The Diocesan Office of Finance has a complete listing of the benefits and conditions of the Injury Assistance Plan. They also have identification cards which should be taken when traveling out of the country. The phone number to call for assistance is on the identification card.

L. Third Party Special Events Coverage

Special Events Coverage is a mechanism, which allows the Diocese to extend liability coverage to an individual or organization using parish facilities for a non-parish sponsored event. The Special Events Coverage provides $1,000,000 Combined Single Limit Bodily Injury, Property Damage, and Host Liquor Liability coverage per event (not per claim) to a non-parish sponsored facility user (lessee). Coverage also extends to protect the parish and Diocese. Contact the Claims Risk Manager for further details.

M. When Should Special Events Coverage Be Utilized?

Special Events Coverage can be used when a parish or other church institution is allowing an individual or organization to use its facilities for a non-parish sponsored activity. When determining whether or not an activity is parish sponsored, the following questions are helpful.

1. Does the parish have full control or final decision making authority over the function?
2. Do fees associated with the function flow through parish accounts?
3. If applicable, is the function open to all parish members?
4. Is the purpose of the function to facilitate learning, raise funds for the parish or to provide a social service on behalf of the parish?
5. Is the organizer or leader of the function a parish employee or volunteer?

Generally, if the answer to any of the above questions is "no", the activity is not parish sponsored meaning that the facility user needs to provide insurance which includes the diocese and the parish as additional insureds.

When it is determined that an activity is non-parish sponsored, there are two options:

1. A *Facility Usage/Indemnity Agreement* can be completed by the organization using parish facilities. This agreement requires $1,000,000 in liability coverage, which must name your parish and the diocese as additional insured.
2. *Special Events Coverage* can be purchased which will cover the individual or organization holding the activity, the parish and the Diocese of Madison. This requires completion of an application.

N. Automobile Coverage

Auto coverage is provided through Church Mutual Insurance Company. Protection under the automobile coverage extends to vehicles listed that are titled to the parish or Diocese. The coverage, broken into components, consists of:

Auto Liability

Coverage responds to claims for damages you are legally obligated to pay as damages due to bodily injury or property damage caused by an accident and resulting from the ownership, maintenance and use of a covered auto. Limited to $500,000 Combined Single Limit.

Auto Medical Payments

$10,000 coverage for medical expenses incurred by a protected person who sustains bodily injury in an auto accident. This coverage is not available to an employee injured in an auto accident while on the job (work comp). Except for an owned auto, this coverage is excess to any other applicable coverage.

Uninsured/Underinsured Motorists

Coverage for all sums the protected person is legally entitled to recover as compensatory damages from the owner or driver of an uninsured or under-insured motor vehicle. The damages must result from bodily injury sustained by the protected person caused by an accident.

Hired/Non-owned Liability

Physical damage coverage is provided for short term leased vehicles up to a limit of $500,000, subject to applicable deductibles.

Auto Physical Damage

The following deductibles apply: Comprehensive $500; Collision $500.

O. Claims Reporting Instructions

Property

If you have a property damage loss, contact the Claims/Risk Manager as soon as possible. Take whatever means are necessary to protect the property from further damage. If contents are involved, separate the damaged articles from the undamaged. Arrange for temporary protection if buildings are open to the elements. You will be reimbursed for this expense.

Liability

It is important that all persons understand the scope, intent, and limitations of liability coverage. Pastors and persons holding positions of authority should be extremely cautious about discussing, interpreting, or assuming liability.

If someone is injured on your premises, obtain the pertinent facts and names and addresses of all witnesses. Tell the injured person that you carry liability coverage and that it will be referred to your carrier. A fair and impartial investigation will be made by an adjuster to determine the facts as to whether or not the parish is guilty of negligence. **Do not under any circumstances admit liability** or prejudge the facts. By doing so, you could be exposing the parish and the Diocese to a claim unnecessarily or to a claim which might exceed the amount of liability coverage carried. It is important that you **do not disclose to anyone the limits of liability you are carrying**.

If you should be approached by anyone other than our adjuster, do not give that person a statement or deposition; simply refer that person to our adjuster. If you are served a Summons, refer this promptly to our adjuster, because each Summons contains a deadline.

Automobile

Report all accidents and claims **as soon as possible**. If in an accident, obtain the following:

1. Name and address of each driver, passenger and witness.
2. Name of insurance company and policy number for each vehicle involved.

Report all Property, Liability, and Auto Claims to:

Kris Twining, Claims Risk Manager
702 South High Point Road, Suite 221
Madison, WI 53719
Office: (608) 821-4566
Fax: (608) 833-3794

Diocese of Madison

Best Practices

The Diocese of Madison introduces its *Risk Management – Best Practices*. The *Best Practices* address facility and operational issues that bring unique risk to the Church including:

1. Parish Festival/High Risk Events
2. Unmanned Aerial Vehicles (UAV's)
3. Facility Security
4. Youth Ministry
5. Volunteer Administration
6. Parish Nurse/Health Ministry
7. Online Training Questions & Answers
8. Transportation & Large Passenger Vans

The *Best Practices* that follow are an abbreviated version of the full *Best Practices* documents. For additional information and to view the full documents, please visit Catholic Mutual Group's website.

Training begins at www.CMGconnect.org. In order to access the training follow the steps listed on pages 2-4

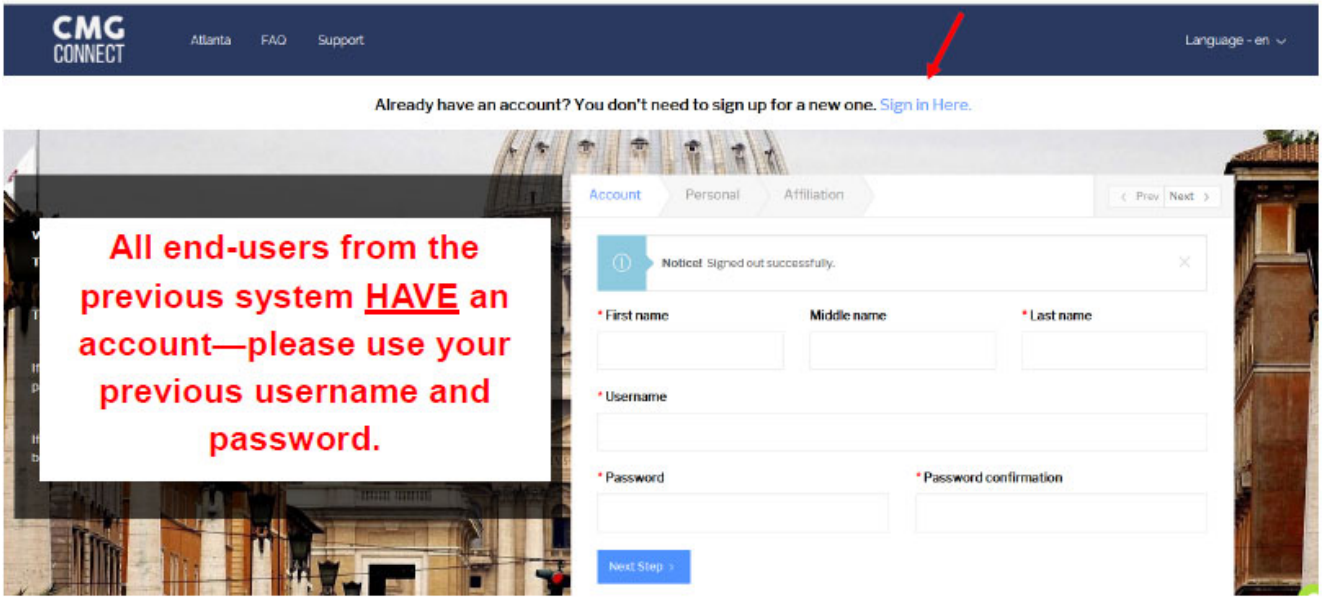
Online Training Instructions

End-User Instructions

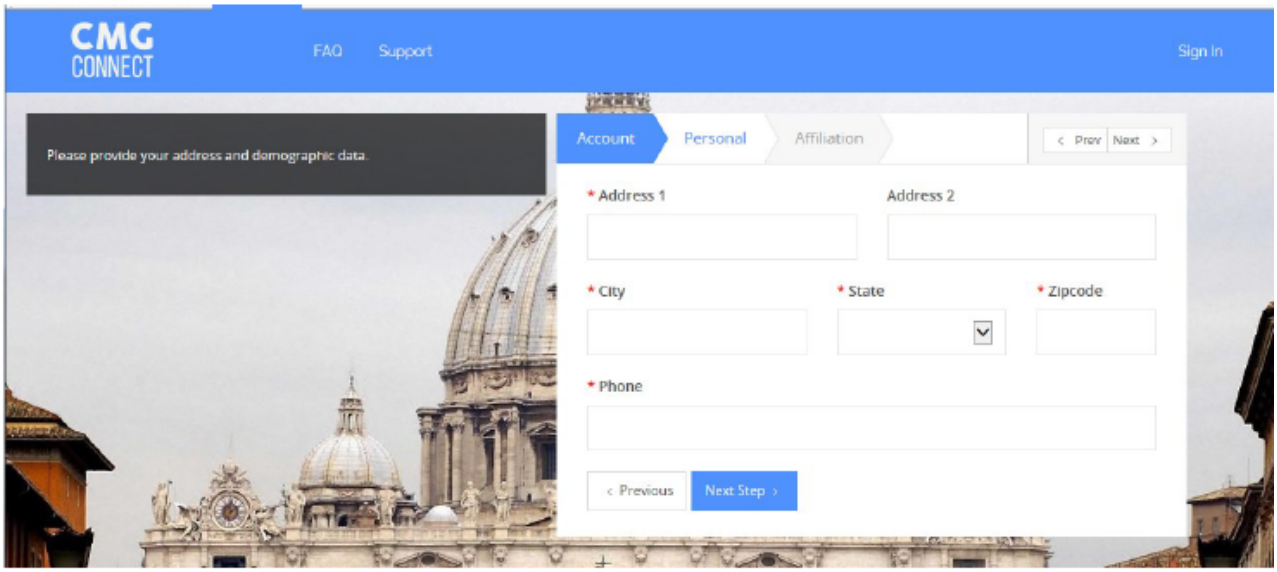
Self-Register

1. Please access all training at www.CMGconnect.org, or from a customized link on your diocesan webpage. *These screen prints are samples only—these will help during your account set-up and accessing the training.*

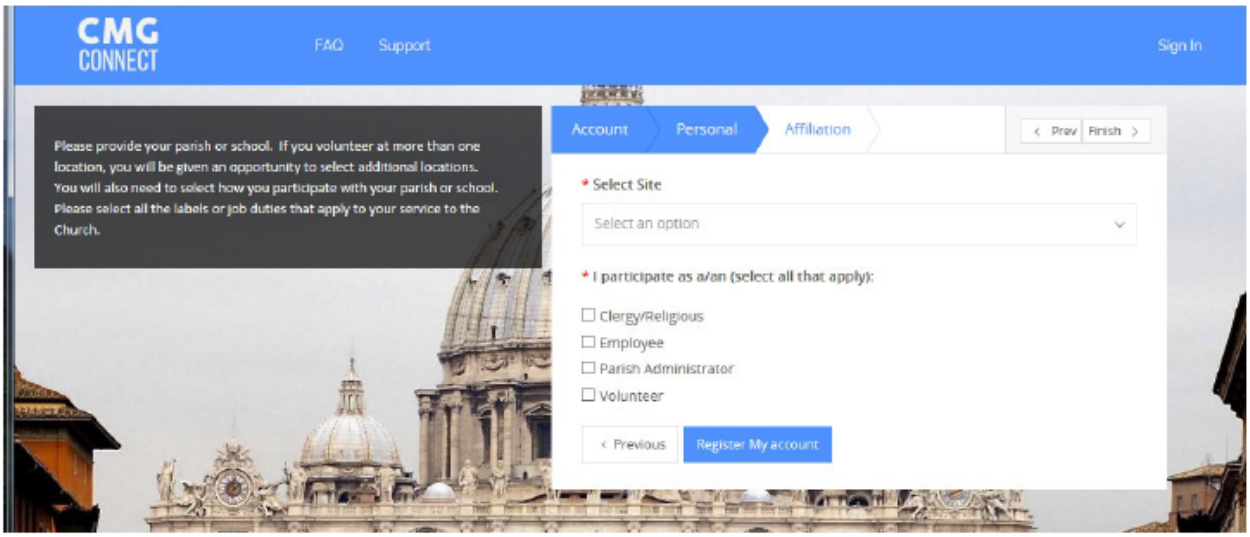
2. Create an account by completing all of the information in the next several screens. **If you have done training in the past, you already have an account. Please login with your previous username and password.** If you cannot remember your username and password, please click the FAQ or the Support tab for additional information.



3. You will be asked to provide your address.



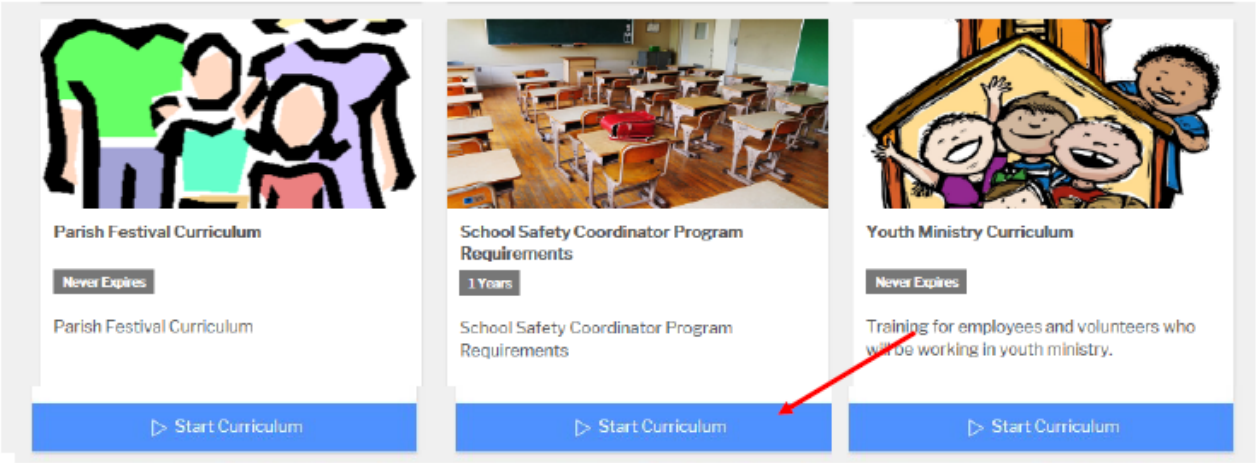
4. You will be asked to provide your primary parish.



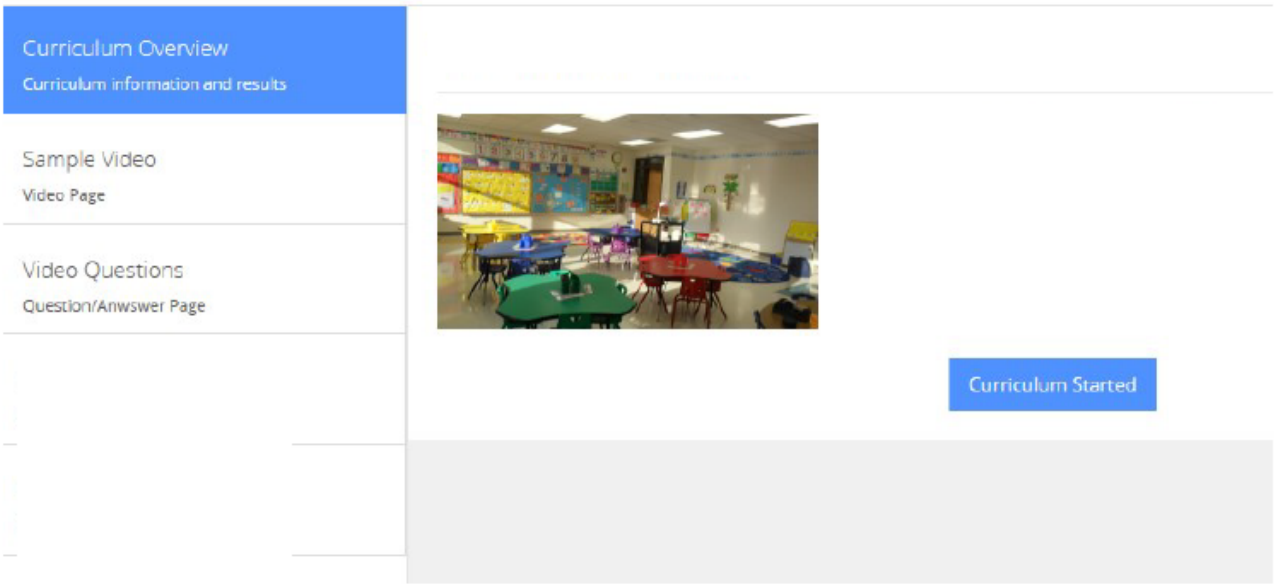
5. Next you will select how you participate within your parish or school. Please select the job descriptions that are applicable to how you work or volunteer at your location. This allows the platform to automatically assign training that your Arch/Diocese requires you take. If you are unsure please contact your Arch/Diocese.

6. Once you have completed the registration process, you will see the training curriculums. Click to start.

Note: The screen prints below are samples and may not reflect the custom training your Arch/ Diocese has selected.



7. You must complete all sections within your training curriculum for full credit.



For technical assistance, please click the **Support** tab.

You will be asked to further describe your issue so someone can assist you.

Diocese of Madison

Parish Festival/High Risk Events

Q – Why is it important to have risk management procedures and practices in place for our parish festivals and other large events?

A – Festivals and other large-scale events that go above and beyond the daily ministries of the Catholic Church create unique liability exposures. The Church is legally liable and ethically responsible for accidents that happen as a result of any involvement and sponsorship in these types of events. It is vital that churches and schools develop a "best practices" approach for any parish-sponsored event. Not only will this approach provide better assurance for the safety of everyone involved, it will also reduce the liability exposure associated with these types of large events.

Q – What resources are available to successfully manage our parish festival or other large events?

A – By being aware of the "best practices" safety checklist shown below and understanding the detailed information available in the *Festival/High Risk Events Policy Manual*, you will be better prepared to ensure a safer event and reduce or eliminate common claims associated with these types of events. The current *Festival / High Risk Events Policy Manual* can be found on Catholic Mutual Group's website at www.catholicmutual.org.

Checklist

Supervision

___ There is a designated Festival Chairperson (overseen by staff person at parish/school).

___ There is a designated Supervisor for each operational area of festival (overseen by festival chairperson).

___ There is a designated Safety Coordinator to ensure all safety recommendations are met (overseen by Chairperson).

Vendors

___ Vendor contracts/agreements have been reviewed by Diocese or CMG prior to signing.

___ *Vendor Hold Harmless/Indemnity Agreement* has been obtained by each vendor (i.e. ride, game, food, security vendors, etc. When in doubt, see policy manual).

___ Certificates of Insurance have been obtained from vendor with parish/diocese named as additional insured.

Transportation

___ Driving duties have been limited to a select number of properly screened individuals.
___ Drivers have taken "Be Smart – Drive Safe" online defensive driving course available at www.CMGconnect.org.
___ Chairperson and Supervisors have taken "Church Transportation – Is It Necessary and Ministry-Based?

Volunteers

___ Are 18 years of age or older OR supervised by adult with parent permission.
___ Have been selected and matched to tasks according to training and/or skills.
___ Have a clear understanding of duties and risks associated with the assigned task.
___ Have been provided with personal protective equipment, if needed.

Premises Safety

___ Electrical cords and hoses have been rerouted, taped down or covered.
___ Adequate lighting has been provided.
___ Tent stakes and ropes have been secured.
___ Alternate plans are in place for inclement weather.
___ Emergency response procedures/evacuation plans have been developed.
___ An adequate number of trained security guards have been hired.

Parking

___ Valet parking will not be allowed.
___ There is adequate lighting in parking lots.
___ Adequate space for pedestrian traffic has been provided through parking lots.
___ Adequate space will be made available for emergency vehicles.

Medical Services

___ There is a First Aid station and supplies available.
___ An Automated External Defibrillator (AED) will be readily accessible.
___ Local police and hospitals have been notified about upcoming event.
___ Hand washing stations are provided.

Food

___ Appropriate food temperatures will be maintained.
___ Employees and volunteers have been informed of food-borne illness best practices.

Alcohol

___ Meet all State and local liquor licensing requirements.
___ Identification checkpoints are in place.
___ Colored bracelets will be provided for legal age individuals wishing to consume alcohol.
___ Trained bartenders will be used.
___ Alternate transportation will be provided for intoxicated patrons.

Money/Cash Handling

___ Background and credit checks will be completed on individuals working with money.
___ Tamper-proof bags will be utilized.

___ Cash will be regularly collected from stands, alternating times and routes.
___ Three or more individuals will be involved in collecting cash.
___ Money will be counted by two or more people.
___ Cash will be kept in a locked safe and guarded by security.
___ Consideration has been given to using a ticket system.

Activities

___ Festival activities will not include hot air/tethered balloons; helicopter rides; ATV rides/speed contests; gambling or liquor (when not approved by state statutes); bungee jumping; dunking booths for individuals 21 years of age and under; or archery/firearms.

Claim Procedure

___ Accident Report forms on hand.
___ Staff is aware of claim reporting procedures.

Diocese of Madison

Unmanned Aerial Vehicles (UAV's)

This policy is built to address the operation of unmanned aerial vehicles (UAV's), commonly known as "drones," on parish grounds. The Catholic Mutual Group has indicated that there are **no insurance coverages** pertaining to the use of drones by any individuals for any purposes. For this reason, the use of drones is not to be permitted on parish grounds. Furthermore, as a proactive risk management step, you may consider adding "no fly" or "no drone zone" signage to your premises if you have noticed drones being operated near or on your premises.

Civil uses of UAVs include aerial crop surveys, aerial photography, search and rescue, inspection of power lines, delivering medical supplies to otherwise inaccessible regions, and coordinating humanitarian aid. Hobbyists also enjoy using drones to film land areas, for school sporting events or for outdoor Church festivals.

In the event that it becomes necessary for a licensed contractor to utilize a drone as part of an inspection process, the contractor must provide proof of proper liability insurance coverage applicable to the use of a drone and provide proof of Federal Aviation Administration certification (if required). For assistance in reviewing coverage summaries pertaining to licensed contractors and their usage of drones, please contact the Diocesan Claims/Risk Manager.

Should a diocesan agency or parish wish to utilize a drone, the permitted course of action is to separately register all aircraft and pilots. Catholic Mutual Group will serve as the agent and will apply to an outside agency market for liability insurance coverage, which if approved, the cost of the coverage is to be paid for by the agency or parish.

Effective August 29, 2016, the FAA or Federal Aviation Administration issued new guidelines governing the use of drones or unmanned aircraft. Among the rules:

1. Drones must weigh less than 55 pounds.
2. A drone can be operated only in daylight.
3. The drone must remain close enough for the pilot to see it at all times.
4. The drone can't be flown over people.
5. Drones must not fly higher than 400 feet.

Diocese of Madison

Facility Security

Q – Why is it important to have a security policy in place?

A – Having unsecured schools, churches, parish halls, and offices provides free and unrestricted access to your buildings and their contents and could expose your facilities to theft, vandalism and expose those visiting or working there to possible injury.

Q – Is it expensive to provide for a safe and secure environment in our schools, churches and offices?

A – No. By developing a simple written policy for each of your buildings, you can make them safe and secure.

By following the items in the below checklist, you can easily, and with little expense, provide sound security measures for the protection of property and people. Additional information and guidance can be found on our website, www.catholicmutual.org, under *Facility Security Policy*.

Checklist

Schools

___ The written security policy is in place and the staff and parents have been educated on the policy.
___ Visitor reporting procedures are in place.
___ All secondary doors are secured against entry and all visitors are directed to a single, monitored, entrance. (Monitoring of the school entrance must be by visual means, electronic or video monitor, or with remote buzzer to unlock the door).
___ All offices, storage rooms, janitor closets, and unoccupied rooms are kept locked.

Church

___ Operational hours for when the church is unlocked are set. At the end of the day, all church doors are locked against entry until the next day.
___ All doors inside the church are locked to restrict access to authorized staff only.

Office

___ All parish records are kept in a secure location.
___ Parish Office hours of operation are posted and followed.

General Measures

___ All landscaping is trimmed to eliminate hiding places for potential intruders.
___ The key control policy is in place and strictly followed.

___ All interior and exterior doors are checked daily for security.
___ Emergency procedures are in place and all staff and volunteers are provided an orientation on the policy.

Diocese of Madison

Youth Ministry

Q – Why is risk management an important component of youth ministry?

A – Often, the danger and liability exposures from youth ministry activities are not fully understood until an accident occurs. Best Practices will help ensure the safety of all participants.

Q – Is it difficult to implement necessary risk management procedures?

A – No. Catholic Mutual has completed an online training module and extensive supportive information to assist youth ministers, leaders and chaperones. In addition, the Youth Ministry Activity Checklist on the next page provides specific guidance regarding questions that need to be reviewed and answered.

Youth Ministry Activity Checklist

Activity Event _____

Dates and/or Training of Event _____

Locations _____

Please ensure all questions have been reviewed and a response indicated. Space to comment included below:

___ Is the activity safe and approved?

_____

_____

___ What type of transportation is being utilized?

_____

_____

*Note: 11-15 passenger vehicles cannot be used unless they meet school bus standards.

___ If drivers are employees or volunteers, have required driver forms been completed?

_____

_____

*Note: Motor vehicle record checks are always recommended.

___ Have all staff and volunteer drivers completed the online *"Be Smart Drive Safe"* defensive driving module?

_____

_____

___ Have all leaders and chaperones completed appropriate safe environment training and under gone successful background checks?

_____

_____

___ Are the adult leaders and chaperones-to-youth ratio adequate for the activity?

_____

_____

___ Has necessary communication regarding the activity been provided to all parents and guardians?

_____

_____

___ Have all permission and release forms been signed and returned?

_____

_____

___ Have all staff and volunteers viewed the online youth ministry module *"Everything Matters and Everyone Has a Role"*?

_____

_____

___ Has the youth minister, youth leader or location transportation coordinator viewed the online training module *"Church Transportation – Is It Necessary and Ministry Based?"*

_____

_____

Signature of individual(s) verifying all questions have been answered:

_____	_____
Signature(s)	Date
_____	_____
Signature(s)	Date
_____	_____
Signature(s)	Date

Diocese of Madison

Volunteer Administration

Q – Can volunteers be used as part of Church ministries?

A – Volunteers are an important aspect of Catholic Church ministries. When appropriate, volunteers should be used in assisting with the Church's mission.

Q – What can be done to ensure that volunteers are safe and volunteer activities do not create unnecessary risk for the Church?

A – Volunteer administration best practices are available to assist in the management of volunteers. Available resources include a brochure designed for volunteers, the Volunteer Quick Guide and a complete Volunteer Management Manual. To get you started in successfully managing your volunteer program, consult the checklist below.

Checklist

Selection

___ Background check (as needed for Safe Environment compliance) has been completed.
___ Safe Environment training has been done.

Volunteer Assignment

___ Appropriate age for volunteer position has been verified.
___ Volunteers meet qualifications of the position.
___ Volunteers have thorough understanding of what tasks are to be completed.
___ Parental permission has been obtained for volunteers under 18.

Volunteer Orientation

___ Volunteers clearly understand duties.
___ Supervision is in place.
___ Volunteers have been trained on the proper use of equipment needed for the position.
___ Volunteers have been given personal protective equipment (PPE) required to perform the task.
___ Volunteers know what to do in case of injury.
___ Volunteers have been given the *Volunteers and the Catholic Church* brochure.

Volunteer Drivers

___ Have completed "*Be Smart – Drive Safe*" training.
___ Are a minimum 21 years of age or older.

___ Possess a valid driver's license and current license and vehicle registration.
___ Have met insurance requirements for vehicle in place ($100,000 / $300,000).
___ Have undergone a Motor Vehicle Record Check (MVR).
___ Have been made aware that **NO** cell phones or other hand-held electronic devices can be used while driving.

Diocese of Madison

Parish Nurse/Health Ministry

Q – Who can be a Parish Nurse and what do they do?

A – A Parish nurse's role focuses on personal health counseling, health education, referrals, wellness promotions, advocacy and the integration of faith and healing. A parish nurse can be a paid employee or volunteer of the parish. A parish nurse can also be contracted through a local healthcare institution.

Q – Does starting a parish nurse/health ministry program bring additional risk to our parish's liability insurance program?

A – Your exposure to loss increases anytime a new program is started within the parish. However, if parish nurse programs adhere to the best practice guidelines and do not perform any "hands on" type nursing activities, your increased exposure is minimal.

Q – What procedures must be in place before starting a parish nurse/health ministry program at my parish?

A – By being aware of and following the "best practices" for parish nurse/health ministry programs shown below and understanding the detailed information available in the *Parish Nurse/Health Ministry Policy Manual*, you will be better prepared to provide a well-run, effective program at your parish.

Checklist

Qualifications

___ Graduate of an accredited school or college of nursing.
___ Currently licensed as a professional registered nurse (RN).
___ 3 years or more of nursing experience in a clinical setting.
___ Possession of a valid driver's license.
___ Credential and background check conducted.

Parish Nurse Program Partnered with Healthcare Institution (if applicable)

___ *Healthcare Institution Hold Harmless Indemnity Agreement* completed.
___ Certificate of Insurance obtained from Healthcare Institution naming the parish and diocese as additional insured.

Transportation

___ Verified minimum auto liability limits of $100,000 per person/$300,000 per accident.

___ Completed a motor vehicle record check (MVR).
___ Has taken "Be Smart – Drive Safe" online defensive driving course.
___ Has taken "Church Transportation – Is It Necessary and Ministry-Based?

Professional Boundaries

___ Parish nurse is aware he/she cannot provide medical diagnosis, only referrals to physician or other healthcare provider as needed.
___ Parish nurse is aware he/she cannot dispense medications.
___ Parish nurse is aware to report abuse involving a minor or vulnerable adult to the appropriate governmental agency.
___ Parish nurse is aware to keep confidential records in locked cabinet in accordance with HIPAA.

Diocese of Madison

Online Training

Q – What is online training?

A – Online training consists of several training videos. Each training video is under 20 minutes and are all free.

Q – Why is it important to take the training?

A – Our extensive experience in working with the Church has allowed us to provide specific training for your employees and volunteers. This training will further educate and reinforce loss prevention and risk management procedures. This in turn, helps our locations become safer and reduce the potential for injuries and claims.

Q – How do we access the training?

A – All training can be viewed at www.CMGconnect.org. Our defensive driving video can be viewed directly from our home page. After signing in with your User ID and Password (please refer to information on following page), additional training videos can be viewed by clicking on the Online Training tab.

To assist with having appropriate staff and volunteers complete training related to their duties and responsibilities, an easy-to-use checklist is provided.

Checklist

Transportation Training

___ Have all staff and volunteers who drive on your behalf successfully completed the defensive driving module, *"Be Smart-Drive Safe"*?

___ Have youth ministers, transportation coordinators or anyone else who has transportation supervisory duties viewed the training *"Church Transportation – Is It Necessary And Ministry Based"*?

Maintenance and Facility Training

___ Have all employee and volunteer maintenance staff and facility directors completed the following training modules: *Preventative Maintenance; Preventing Slips, Trips and Falls;* and *Fire Safety*?

Youth Ministry Training

___ Have all youth ministers, youth leaders and chaperones viewed the Training module *"Youth Ministry – Everything Matters and Everyone Has a Role"*?

Diocese of Madison

Transportation

Q – Can employee or volunteer drivers be used in our school or church programs?

A – When appropriate, employees and volunteers can be asked to drive on Church business. Often, employee and volunteer drivers are important in allowing the Church to fulfill its ministries.

Q – What resources are available to help in determining when employee or volunteer drivers should be used?

A – Catholic Mutual Group has developed an online training, "Church Transportation: Is It Necessary And Ministry-Based," that should be viewed by all Church and school personnel involved in the arrangement of transportation. This training can be accessed from www.CMGconnect.org.

Q – What can we do to make sure our employee and volunteer drivers are properly trained?

A – Employee and volunteer drivers should take Catholic Mutual Group's defensive driving course, "Be Smart – Drive Safe". This 20 minute training program educates drivers to avoid the seven most common causes of accidents. In addition, each driver completes a short questionnaire after the training to verify they have a valid driver's license and an acceptable driving record.

Diocese of Madison

11 to 15 Passenger Van

Q – Is it acceptable to use an 11 to 15 passenger van to transport passengers?

A – No. As early as 2001, the National Highway Traffic Safety Administration issued warnings on the serious rollover potential of these types of vans. This led to the federal prohibition of the sale or leasing of these vans to schools by authorized dealerships.

Effective June 1, 2005, the Catholic Umbrella Pool issued a policy that prohibits the purchasing, leasing, renting, or borrowing of 11 to 15 passenger vans to transport youth and adults under any circumstances. The following is a listing of alternatives to the use of 11 to 15 passenger vans:

1. A school bus or a Multifunction School Activity Bus (MFSAB).
2. A mini-van or a SUV that has a total capacity of no more than 8 people.
3. Vehicles that have a rated capacity of 16 or more passengers, such as shuttle buses, must comply with the same safety standards as a multifunction school activity bus.
4. Simply removing the seats to reduce the occupant capacity of the vans is not allowed.
5. Any current vans owned by the locations can be converted for use as a maintenance or cargo van by removal of the seats.

For more details, please refer to the online version of the *11 to 15 Passenger Van Policy* listed on our website at www.catholicmutual.org.

BE SMART - DRIVE SAFE

What is Be Smart – Drive Safe?

Be Smart – Drive Safe is a condensed, 18 minute, online defensive driving course. This informative and entertaining course will provide the trainee useful information to become a better defensive driver. *Be Smart – Drive Safe* is available at no cost and can be easily accessed and viewed when it is most convenient for the trainee!

How Does *Be Smart – Drive Safe* Benefit My Parish or School?

By asking any employee or volunteer who drives on behalf of the church or school to take this course, safer transportation will be provided and the church or school will reduce its liability exposure to an auto loss!

How Does *Be Smart – Drive Safe* Benefit the Trainee?

The trainee becomes a better defensive driver and can possibly be eligible for a reduction in their personal insurance rates!

Who Should Take Be Smart - Drive Safe?

Ideally, anyone that drives on behalf of your church or school should be asked to take the course.

How Do We Administer the *Be Smart – Drive Safe* Program At Our Church or School?

Ideally, the church or school should designate a transportation coordinator(s) at your facility. The transportation coordinator identifies drivers and provides those drivers the *Be Smart – Drive Safe* handout. The transportation coordinator will need to determine the individual(s) from their location who will receive email confirmation that a driver has completed the training. The coordinator then simply adds the email address of the individual(s) to the *Be Smart – Drive Safe* handout.

How Can We Properly Screen Those Who Drive For Our Church or School and Determine if They Are Eligible to Drive?

The transportation coordinator will be emailed results to the screening questions completed by the trainee at the end of the training session. The coordinator will simply need to take a quick look at the results and any answers printed in "red" will indicate a potential problem driver. In these cases, the trainee should not be allowed to drive on church or school business. As an added bonus, *Be Smart – Drive Safe* replaces the need for the driver to complete the Driver Information Sheet!

How Can Driver's Access *Be Smart – Drive Safe?*

Enclosed is a handout that provides detailed instructions to access the *Be Smart – Drive Safe* training program. This handout can be distributed to anyone that drives on behalf of your church or school.

Diocese of Madison

Contract Review Policy

The purpose of this policy is to ensure that all of the various entities that are part of the Diocese of Madison are following the same procedures when making agreements with outside contractors. This policy also ensures that the liability under the contract is assumed by the proper party and in particular that the Diocese does not agree to any unnecessary hold harmless provisions.

The items articulated below in Section A. Procedures should be followed by **all** Diocesan entities

A. Procedures

1. All contracts for $40,000 or more will be reviewed by the Building Commission and approved by the Bishop.
2. All long-term lease agreements must be reviewed by the Chancery. The Addendum to Lease should be attached to all long-term lease agreements or the wording should be incorporated into the lease.
3. All contractors and service people are required to carry three types of insurance (regardless of the size of the contract) and provide proof to you that they have each type. The three types of insurance are:
    a. General liability
    b. Workers' Compensation
    c. Automobile Liability
4. Certificates of Insurance **must** be obtained verifying all three of the above types of insurance and naming the parish/institution and the Diocese as an additional insured.
5. A standard contract *Agreement Between Owner and Contractor* is to be used for small construction jobs (below $40,000) including, renovations, small additions, etc. This avoids using different contracts for each contractor. For a copy of this contract, please contact the Claims Risk Manager. If the contractor does not want to use this contract, the contract will have to be reviewed as stated in (1) above.
6. Professional service contracts should be used when contracting for the services or architects and engineers. Contracts should require professional liability insurance to be provided to the parish/institution. Professional service contracts must be reviewed even if their compensation is going to be less than $40,000.
7. Small routine maintenance jobs do not require the use of contracts.

8. All contracts must be maintained in a central file specifically for certificates of insurance to monitor that the certificates are up to date.
9. All contracts must include a performance bond.

Diocese of Madison

Renting Parish Facilities

For cases where parish space is leased to other person(s) or entity(ies) for a length of time exceeding one month, refer to the Risk Management – Lease of Parish Facilities below.

This policy has been developed to assist in determining whether, and under what circumstances, to permit a non-parish or non-school group to use a parish or school facility for a short period of time. Parish, school, and Diocesan groups have priority in the use of parish and school facilities. In the spirit of community service, and in the spirit of evangelization, facilities may be used by persons and groups so long as the use is consistent with this policy and the teachings of the Roman Catholic Church and follow the best practices articulated below. Your diligence in following this policy will benefit your parish and the Diocese by minimizing exposure to loss.

Recognizing the tax-exempt status of parish, the rental fee for the use of a facility should be clearly recorded in the applicable financial records.

A. Use of Facility

The use of parish, school, or institutional facilities shall not be granted to any individual, group, or organization, whether parishioners or non-parishioners:

1. Whose purpose, tenets, acts or omissions, or objective contradict the faith and morals of the Catholic Church or the policies of the Diocese of Madison, as determined by the Bishop of Madison;
2. When the activity for which the facility is to be used contradict the faith and morals of the Catholic Church or the policies of the Diocese of Madison, as determined by the Bishop of Madison;
3. When doing so would directly involve the Church in partisan politics in support of one candidate for civil office and in opposition to other candidates for the same office;
4. When unlawful, unsafe, or hazardous activity may occur as a result; or
5. Whenever the pastor or administrator or the Diocese determines that the granting of such permission will not be in the best interest of the parish, its parishioners, the faithful, or the Diocese, or that the denial of such use is necessary to avoid scandal.

There is a difference between buildings that are built exclusively for worship or assistance in worship and buildings which may have multiple purposes. The primary purpose and function of the Church building is the prayer of the faithful. Any other use proposed to be made of the

Church building shall not be of a nature that may contradict the Church building's primary purpose and function, in keeping with the canonical norms regulating sacred space.

B. Party Requesting Use

To determining if an organization is parish sponsored or affiliated, the following five questions must be answered in the affirmative:

1. Does the parish have full control over the group or function?
2. Does any costs associated with the function flow through parish financial accounts?
3. Is the function or group open to all parish members?
4. Is the purpose of the function or group to facilitate learning, raise donations for the parish or provide a social service on behalf of the parish?
5. Is the teacher or leader of the group a parish volunteer or employee?

All groups that are not sponsored by a Diocesan parish must utilize the policy for Renting Parish Facilities and complete the *Facility Use Agreement*. Examples of these groups are:

1. Boy Scouts, Knights of Columbus, American Legion, home school groups, or other similar organizations that use parish facilities for meetings or fundraisers.
2. Sport teams or sport classes/clinics not sponsored by the parish.
3. Parishioner and non-parishioner families that rent or use parish facilities for wedding receptions, family reunions, anniversary parties, or other similar activities.
4. Any other organization, municipality, or county organization that uses parish facilities for a meeting or function that is non-parish sponsored.

To use any parish facility, the above groups must provide a certificate of insurance documenting general liability coverage in the amount of $1,000,000 per occurrence. **This certificate must name the parish, the Diocese, and the Bishop of Madison as an "additional insured,"** (not "certificate holders"). When it is determined that an activity is non-parish sponsored, there are three options available for mitigating liability:

1. Facility Usage/Indemnity Agreement – Have the facility user complete a *Facility Usage/Indemnity Agreement* and provide the parish with a certificate of insurance evidencing one million dollars ($1,000,000) as general liability coverage per occurrence, also naming the parish, the Diocese, and the Bishop of Madison as an additional insured.
2. Third Party Special Events Coverage – If a $1,000,000 general liability policy cannot be obtained privately, *Third Party Special Events Coverage* can be purchased.
3. Adult Hold Harmless/Indemnity Agreement – Special provisions may apply for individual facility users and some small groups.

Facility Use Agreement

This Facility Use Agreement is entered into by and between _____(Owner) and _____(Licensee), for Licensee's rental of the facility space known as _____ (the "Facility") and located at _____ , Wisconsin, and the terms are fully described in this Agreement. Owner is defined in this agreement as inclusive of the parish or school, the Diocese of Madison, and Bishop Donald Hying.

The Parties Agree as Follows:

Event Specifics:

_____

Date of the Event: _____
Duration of the Event: from_____ a.m. p.m. to _____ a.m. p.m.

_____

Purpose for which the facility is being rented:

_____
Rental Fee Charged (if any) _____
To be Paid as follows: A deposit in the amount of $_____ to hold the facility and date is due at time of Agreement signing, and the balance is due on or before _____ .
Estimated Guest/Attendees Count_____
If a wedding reception, full names, addresses and phone numbers of Bride and Groom:

_____
_____

If other Event, full name, address and phone number of Licensee's contact person:

_____

Other specific arrangements between Owner and Licensee for the Event:

_____

1. Special Event Insurance. Licensee shall, during the performance hereof, keep in full force and effect an event liability insurance policy of comprehensive general liability and property damage insurance with respect to the Event for which the facility is being used, and in which the limits of liability shall be not less than $1,000,000.00 combined single limit for bodily injury and property damage. The policy shall name Owner, the Diocese of Madison, and Bishop Donald Hying as additional insureds. A certificate of insurance shall be deposited with Owner prior to the date of the Event. If the Licensee does not have an applicable policy for which liability coverage can be utilized, Special Event Coverage will be purchased through Catholic Mutual Group per their guidelines.

2. Licensee's Representations and Owner's Right to Deny Use. As an inducement to the Owner entering into this Agreement with Licensee, Licensee represents that:

(a) Licensee is not an individual, group or organization whose purpose, tenets, acts or omissions, or objectives contradict the faith and morals of the Catholic Church,

(b) In using the Facility, Licensee and its guests or attendees will not engage in (i) unlawful, unsafe, or hazardous activity on or around the Facility's premises; (ii) a political Event in support of one

candidate for civil office and in opposition to other candidates for the same office; or (iii) an activity which offends or is contrary to the faith or morals of the Catholic Church.

Additionally, Licensee acknowledges that the Owner reserves the right to deny the use of facilities to any person, group or organization when the Owner determines that the granting of such use will not be in the best interest of the Owner or the Diocese of Madison, or that the denial of such use is necessary to avoid scandal.

3. Impossibility. Licensee acknowledges that the Owner shall not be liable for Owner's failure to provide the Facility for the Event due to fire, electrical failure, an act of God, or other condition beyond its reasonable control. In such case, Owner will make all reasonable efforts to reschedule the Event. If a rescheduled date cannot be agreed upon, Owner shall refund all monies paid by Licensee as Licensee's sole and exclusive remedy.

4. Indemnification and Hold Harmless. To the fullest extent permitted by law, Licensee will indemnify Owner and save Owner, its agents and employees, and hold harmless from and against any and all claims, actions, damages, liability, and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in or upon Owner's property, or the occupancy or use by Licensee of the property or any part thereof or the use by Licensee of any adjacent property, or occasioned wholly or in part by any act or omission of Licensee, its agents, employees, servants, licensees, concessionaires, guests or other attendees. In case Owner shall be made a party to any litigation commenced by or against Licensee, Licensee shall protect and hold Owner harmless and shall pay all costs, expenses and reasonable attorney's fees incurred or paid by Owner in connection with such litigation.

5. Damage or Loss. Owner assumes no liability for the loss, damage or return of any items of personal property brought onto the premises by Licensee, or any of its guests. Licensee assumes all liability and risk of loss for any loss or damage to items of personal property brought onto premises by any member of said Licensee, or any of its guests. Owner assumes no liability for the loss or damage to vehicles parked in the church/school/other diocesan entity/facility parking lot by Licensee, or any of its guests.

6. Adherence to Facility Rules. Licensee agrees to adhere, and to require its guests and attendees to adhere, to the following rules during the use of them Owner's facility:

(a) Licensee and its guests or attendees will not engage in (i) unlawful, unsafe, or hazardous activity on or around the Facility's premises; (ii) a political event in support of one candidate for civil office and in opposition to other candidates for the same office; or (iii) activity which offends or is contrary to the faith or morals of the Catholic Church.

(b) The Facility's Building Manager or the Owner's designee shall approve scheduling of all building facilities.

(c) Licensee agrees to conduct the Event in a civil orderly manner, and at reasonable noise level, and Owner reserves the right to eject any guest or attendee of the Event from the premises for damage to property, injury to person, unacceptable, unruly and/or dangerous behavior, inappropriate attire, lewd acts, disregard of Owner's policies or these Facility Rules, or for other violation of this Agreement.

(d) The Event must terminate by 1:OOA.M. Events with music must arrange for music to stop at 12:00 Midnight. If the Event will have minors in attendance who are not accompanied by a parent or guardian, Licensee will be fully responsible for municipal curfew compliance.

(e) Absolutely NO decoration or signs are to be attached or affixed in any way to any walls, windows, doors, or chandeliers.

(f) All decorations, flowers, liquor, or food items must be removed at the conclusion of the Event.

(g) There is to be NO SMOKING inside the building, outside the premises or on the premises.

(h) Firearms are strictly prohibited in the building, outside the building, and, on the premises.

(i) Licensee shall comply with all applicable laws, ordinances and regulations in the use of the facility.

(j) Licensee is responsible for the conduct and acts and omissions of all individuals attending Licensee's Event, including, but not limited to, all guests, attendees, caterers and vendors.

(k) Licensee is required to ensure that Licensee's guests and the caterer and other vendors for the Event also comply with all applicable laws, ordinances and regulations.

(I) Licensee shall be liable for abuse of, damage to, or loss of property belonging to Owner, whether real or personal, and any and all injuries occurring to Licensee, its guests, attendees, and third parties as a result of Licensee's use of Facility or conduct of Licensee, guests and/or attendees at the Event. Licensee agrees to reimburse the Church, upon demand, such sum as will be necessary to restore or replace the damaged property. Licensee assumes full responsibility for the character, acts and conduct of all persons attending Licensee's Event.

(m) Licensee will not charge for (whether by admission fee or otherwise) alcoholic beverages served at Licensee's Event and will otherwise comply with all laws regarding the use and consumption of liquor.

7. Complete Agreement. This represents the complete agreement between the parties. Any change\or modification to this Agreement will be invalid unless made in writing and signed by both parties to this contract.

Agreed and entered into on the last date written below.

OWNER: **LICENSEE:**

_____	_____
Print Name of Owner (Parish or other Diocesan	Print Name of Person or Entity entity)
_____	_____
Signature of Authorized Person	Signature of Owner Representative
_____	_____
(Pastor, Administrator, Principal, etc.)	Print Name of Authorized Person Signing
Date:_____	Date: _____

Diocese of Madison

Lease of Parish Facilities

For cases where parish space is rented to other person(s) or entity(ies) for a length of time not in excess of one month, refer to the Risk Management – Renting Parish Facilities above.

The lease of parish facilities is open to groups, organizations, and events that are respectful of and advance viewpoints, principles, or objectives consistent with the Catholic faith. The lease of parish facilities is not generally open to the general public. In order to assure that anyone leasing parish facilities observes the teachings of the Catholic faith, the Diocese of Madison has established a policy for *Lease of Parish Facilities*, a *Parish Facilities Lease Application*, and a *Parish Facility Lease Agreement*. The policy, questionnaire, and agreement are all required components to be read and completed by anyone involved in the lease of parish facilities. Additionally, all leases over 366 days in length must have the Bishop's approval. For assistance with these matters, please contact the Office of Building, Construction, and Real Estate. Your diligence in following this policy will benefit your parish and the Diocese by minimizing exposure to loss.

A. Types of Proposed Leases

A distinction needs to be made to delineate the nature and purpose of proposed leases of parish facilities, as different policies and restrictions apply depending upon the type of lease.

The first level of distinction comes in as to whether the space is "active" or "inactive." Simply understood, an "active" space is one that is being used for its primary purpose, whereas an "inactive" space is one that, by circumstance, is not being utilized for the intended use of the space.

For example: a rectory or convent is not a space that was ever intended to be leased out to a lay person, but due to circumstances, the space is no longer actively being used for its primary purpose of housing priests or religious. As a result, we would deem this space "inactive." Had the parish obtained a duplex with the intent of leasing out the space, and the parish looks to enter into a lease agreement with another party, the space is being used for its intent and is therefore deemed "active." Another example of "active" use would be an instance wherein a meeting hall used by an entity as a space to host an event.

The second delineation that must be made is between space that serves as a "dwelling" and those that are "other" types of spaces. A "dwelling" would be considered a space where it is intended for someone to live, whereas "other" spaces are those such as gymnasiums, classrooms, meeting rooms, dining halls, the narthex, or the sanctuary, to name a few, that are not designed to be lived in and are not being used to house someone.

The third delineation that must be made is determining if the proposed lease would be commercial or residential in nature. Parishes most often will pursue a residential lease of a dwelling space for purposes of charity, a form of compensation for wages, or in an effort to increase revenue.

Understanding the type of lease the parish intends to enter and why they intend to enter into it is critical for determining which contracts are to be used, what kind of insurance may be necessary, what possible tax implications there may be, and ultimately discerning whether or not pursuing the lease is in the best interest of the parish. **It is *always* important to contact the Diocesan Office of Building, Construction, and Real Estate before entering into a lease agreement.** The Office will help to equip the parish with the tools necessary to succeed and work to protect it from possible litigation or tax ramifications.

B. Factors to Consider

Being a landlord requires passive involvement. The tenant's physical presence and activity on parish property will impact others, including, if not especially the Pastor and the parish staff. The Pastor is advised to carefully discern what kinds of tenants will promote the mission and wellbeing of the parish with their presence as lessees on parish grounds. The Pastor also gives consideration to the following factors:

1. Property Tax Exemption
    a. Exempt Lessee – If the tenant is itself a tax exempt entity and is leasing exempt property from the parish, the real estate property tax exemption remains available by having the tenant join in the completion of Form PC-220 or PC-220A.
    b. Non-exempt Lessee – There is no prohibition to leasing parish property to a non-exempt lessee. The relevant issue is that the property being leased to a non-exempt lessee may in all likelihood no longer be exempt from property taxes. In addition to the loss of the exemption for the leased premises, the act of leasing could trigger a reassessment and reclassification of the leased property resulting in property tax. This factor needs to be given proper weight in evaluating the economics of the proposed rental or lease. **Again please contact the Office of Building, Construction, and Real Estate, before entering into a lease contract of parish facilities.**
2. Lay Residential Lessees – If you are giving consideration to the leasing of residential property to lay person please consider the following:
    a. Understanding that the opportunity for parish facilities (dwellings, i.e. vacant rectories or convents) to be leased is driven by circumstance, and not by design, please consider that the parish entity is not engaged in a commercial trade or business for the production of income. The selection of lease applicants, who specifically are in line with the viewpoints, principles, or objectives of the Catholic faith, is therefore protected under U.S. Code Title 42, Chapter 45, Subchapter I, § 3607, which expresses, "(a) Nothing in this subchapter shall prohibit a religious organization, association, or society… from limiting the sale, rental or occupancy of dwellings which it owns or operates for other than a commercial purpose to persons of the same religion, or from giving preference to such persons..." This

enables the parish to discern what members may or may not enter into a lease based on the teachings of the Church and the lessee's adherence to these teachings. If however the space is being "actively" used, the parish is not permitted to discriminate who they may or may not lease the space to on the basis of race, color, religion, sex, national origin, disability, or familial status, per the Federal Fair Housing Laws.

i. As members of the Catholic Church, we are called to uphold the teachings of Christ's Church; and therefore, if the parish facility in question is "inactive," the parish must not enter into any contract with lessees who would live contrary to those teachings, and thus be scandalous to the Church. Examples of such parties would be, but are not limited to, unwed couples who plan to cohabitate or individuals who outwardly show disagreement with the teachings of the Church.

b. As stewards of the Church, we must responsibly manage Church property so that its use benefits the ministry of the Church whenever possible. The call to charity and concern for the poor must always be balanced against the need to prudently care for the assets of the Church. When lessees fail to pay rent, prudent pastoral judgment must be used to determine whether the failure to pay rent is due to true need or whether the tenant is simply taking improper advantage of the charitable intentions of the Church, as his or her landlord. If the lessee is truly a person or family in need, the Pastor must exercise his own sound prudential judgment with regard to the issue of rent in view of the call to charity. If the lessee, on the other hand, is attempting to take improper advantage of the Church, the Pastor should again exercise his best pastoral judgment taking into account the need to prudently steward the resources of the Church. In the latter case, recourse to the civil forum may be appropriate.

C. Lease Administration

1. Lease Agreement and all applicable forms

   If the parish is to lease parish property, a written lease agreement should be used that sets forth the terms and conditions of the lease. The lease should be prepared according to acceptable legal standards. **Please contact the Office of Building, Construction, and Real Estate before entering into a lease contract of parish facilities.**

2. Physical Maintenance

   The Pastor is responsible for the physical maintenance of the leased premises in accordance with the provisions in the lease. If the lessee is responsible under the lease for certain or all upkeep requirements, the Pastor monitors the tenant's performance in this regard. To the extent the lease does not require the lessee to maintain the premises; it is the parish's duty to do so.

3. Other Lessee Obligations

   The Pastor monitors the performance of any other obligations that the lessee may have, such as maintaining certain hours, keeping the parking lot clear, not disturbing others, etc. If the lessee fails in such matters and does not improve performance after being reminded by the Pastor, it is recommended that the Pastor inform the lessee in writing of these

breeches and describe the consequences for the breach of contract. The Diocesan Office of Finance is available to the Pastor to assist in this process.

Diocese of Madison

Record Retention

The record retention guidelines were prepared to assist parishes in their need to establish control over routine records and to preserve records of permanent value. The list of records included is lengthy but not definitive. Each parish may have a series of records not mentioned here. Retention periods were devised based on canon law, state and federal statutes, and practical parish realities. If questions arise regarding records-related issues, please contact the Chancellor for additional information.

Record retention schedules represent the period of time that records must be kept according to legal and/or organizational requirements.

This document covers retention schedules for seven different groups of parish records (listed below) and what to do in the event of a merger:

1. Administrative
2. Personnel
3. Financial
4. Property
5. Cemetery
6. Publications
7. Sacramental

Within each group, different series are listed followed by a retention period. Records older than the retention period should be destroyed.

Those of permanent value should be stored appropriately. If a series of records is not listed here, locate a similar series in the list and apply that retention period.

A. Administrative Records

These records are produced in the course of the management of the affairs of the parish.

Records Type	Retention Period
Abstracts, deeds (property)	Permanent

Annual reports to Chancery *(Status Animarum)*	Permanent
Annual reports to the diocese/parish	Permanent
Articles of incorporation & bylaws	Permanent
Bequest and estate papers (wills)	Permanent
Census records	Permanent
Contracts, inactive	7 yrs. after contract end
Correspondence, legal	Permanent
Correspondence, official *(regarding parish policies, parish directive, etc.)*	Permanent
Correspondence, routine	Review/discard biannually
Donor lists	Permanent
Endowment decrees	Permanent
Finance Committee minutes	Permanent
Historical file *(newspaper clippings, photos, etc. related to diocese/parish)*	Permanent
Insurance policies	Permanent
Inventories of property & equipment	Permanent
Leases Destroy	7 yrs. after expiration
Liturgical minister's schedules *(Servers, ushers, lectors, etc.)*	Retain until superseded
Mass intention books	2 years
Office files, subject	Selective retention: retain those that document parish activities
Parish council constitutions	Retain until superseded
Parish council minutes	Permanent
Parish organization records *(minutes, Correspondence, publications, etc.)*	Permanent
Photographs *(relating to diocesan/parish history, Clergy, parishioners)*	Permanent
Policy statements	Permanent
Religious education reports *(for the diocesan offices)*	Permanent
Roster of parishioners	Permanent
Subject files *(correspondence, Memos, rules, schedules, etc.)*	Annual review; destroy superseded files biannually
Will, testaments, codicils	Permanent

B. Personnel Records

A personnel file should be maintained for each active parish employee. That file should contain the following:

1. Employee application
2. Resume
3. Eligibility verification form (I-9)

4. Salary information
5. Sick leave taken and accrued
6. Vacation record
7. Performance evaluations
8. W-4 form

These records are *confidential* and should be made available only to parish representatives with a legitimate right to know, unless their disclosure is compelled by some legal action. In many states, employees and former employees have the right to inspect their own personnel files. The parish has the right to require that the request be in writing and has a stated number of working days to comply with the request.

Several items likely to be in a personnel file are specifically excluded from mandatory inspection in many states:

1. Investigation of criminal offenses
2. Reference letters
3. Test documents
4. Materials dealing with staff management planning
5. Personal information concerning another employee that could, if released, be an invasion of privacy
6. Records relating to a pending legal claim that would be discoverable in court

Records Type	**Retention Period**
<u>Benefits</u>	
Disability records	Permanent
Pension vesting files	Permanent
Retirement benefits	Permanent
Service records	Permanent
<u>General</u>	
Permanent earnings and records	7 years after benefit termination
Attendance records	7 years after benefit termination
Employee contracts	7 years after benefit termination
Employee salary schedules	7 years after benefit termination
<u>Health and safety</u>	
Accident/injury reports	7 years
Employee medical complaints	7 years
Employee medical records	30 years from termination
Environmental test records/reports	Permanent

Hazardous exposure records	Permanent
Toxic substance explore reports	Permanent
Workers' compensation records	12 years after injury/filing, death or last compensation payment
<u>Lay personnel actions</u>	
Applications rejected	1 year
Employee evaluations	2 years after termination
Personnel files, terminated	Permanent
Termination records	7 years
<u>Salary administration</u>	
W-2 forms	7 years from time of filing
W-4 forms	7 years from date of filing
Time cards	3 years from date of filing
Time sheets	3 years from date of filing
I-9 form	7 years after termination

C. <u>Financial and Accounting Records</u>

Records Type	**Retention Period**
<u>Financial</u>	
Banking	
Bank deposits records	7 years
Bank statements / Income Statements (*Funds on deposit*)	7 years
Cancelled checks	7 years
File copy of machine checks	7 years
Check registers/stubs	7 years
Count sheets	7 years
Contribution envelopes	Until end of following tax year
General	
Audit reports	Permanent
Batch reports	3 years
Trial Balance	7 years
Balance sheets, annual	Permanent
Balance sheets, monthly/quarterly	Destroy after 1 year
Budgets, approved, revised	7 years
Financial reports, annual	Permanent
Financial reports, monthly	Destroy after 1 year
Financial statements	Permanent
Investment/Insurance	
Bonds, cancelled	7 years from date of cancellation

Certificates of deposit, cancelled	3 years after redemption
Insurance policies/active	Permanent
Insurance policies/cancelled	Permanent
Letters of credit	7 years
Mortgage records	Permanent
Securities sales	7 years
Stock investment	7 years after sale

Accounting

Accounts payable invoices	7 years
Accounts payable ledgers	7 years
Accounts receivable ledgers	7 years
Credit card statements/charge slips	7 years
Invoices and paid bills, major building construction	Permanent
Invoices and paid bills, general accts	7 years
Cash books	7 years
Cash journals	7 years
Cash journal, receipts on offerings and pledges	7 years
Print-out of contributions	7 years
Receipts	7 years
Mortgage payments	7 years
Parish Debt Statements	7 years

Other Records

General ledger/annual	Permanent
Journals, general and specific funds	Permanent
Journal entry sheets	7 years
Ledgers, subsidiary	7 years
Payroll journals	7 years
Payroll registers, summary schedule of earnings, deductions and accrued leave	7 years
Payroll reports	Permanent
Pension records	Permanent
Pledge registers/ledgers	7 years
Permanently restricted gift documents	Permanent
Temporarily restricted gift documents	7 years after restrictions met

Tax Records

Employment taxes, contributions, and payments, including taxes withheld, and FICA	7 years from date of filing
W-2 forms	7 years from date of filing
W-4 forms	7 years from date of filing
Year-end tax documents from financial institutions	7 years from date of filing
IRS exemption determination letters, for organizations other than those listed in *The Official Catholic Directory*	Permanent

Form 990	Permanent
State tax exemption certificates *(income, excise, property, sales/use, etc.)*	Permanent

D. Property Records

Records Type	Retention Period
Architectural records, blueprints, designs, specs	Permanent
Architectural drawings	Permanent
Deeds files	Permanent
Mortgage documents	Permanent
Property appraisals	Permanent
Real estate surveys/plots, plans	Permanent
Title search papers and certificates	Permanent
Fixed Assets File	Permanent
Furniture, Fixtures & Equipment List	Permanent

E. Cemetery Records

Records Type	Retention Period
Account cards *(record of lot ownership, payments)*	Permanent
Annual report	Permanent
Bank statements	7 years
Board minutes	Permanent
Burial cards *(record of interred's name, date of burial, etc., alphabetically)*	Permanent
Burial record *(interred's name, date of burial, etc.)*	Permanent
Contracts documenting lot ownership	Permanent
Correspondence	Selective retention: keep if item has historical, legal, or fiscal value
General ledger	Permanent
Lot maps	Permanent

F. Publications

Records Type	Retention Period
Anniversary books	Permanent
Annual reports to the diocese/parish	Permanent
Newsletters of the parish or affiliated orgs	Permanent
Other parish-related publications	Permanent
Parish bulletins	Permanent

G. Sacramental Records

Records Type	Retention Period
Baptism register	Permanent
Confirmation register	Permanent
First Communion register	Permanent
Death register	Permanent
Marriage register	Permanent
Marriage case files	Permanent

Notes

Retention periods from United States Conference of Catholic Bishops retention schedule, 2002. The contents were drawn from the Archdiocese of Milwaukee, *Records Retention Guidelines for Parish Records* (Milwaukee: Archdiocese of Milwaukee, 1998).

If you have questions about your records and where they should be kept, please contact the Diocesan Archives.

H. Handling of Records in a Merger

With respect to parish records, there are two types of materials: sacramental records and administrative records.

Sacramental Records

Sacramental records are generally considered to include (even though the events they record are not all sacraments) records of baptisms, marriages, confirmations, and deaths.

The sacramental records for all parishes in the territory of the reconfigured parish must be transferred, with the oversight of Diocesan Archives, to a single location in the reconfigured parish. The records must remain at the reconfigured parish location and must be cared for and protected adequately (Canon *535*). These records will be copied, in an appropriate manner at the time of moving, for archiving in the Diocesan Archives. As a matter of policy, sacramental records are periodically copied for Diocesan Archives. Information regarding the location of sacramental records will be added to the Official Catholic Directory and the Wisconsin Pastoral Handbook in order to assist people searching for information on the parishes that have been merged.

Administrative Records

Administrative records are everything that is not a sacramental record (see Section A. Administrative Records for details). Administrative records could include, but are not limited to, the following:

1. Parish bulletins
2. Construction documents
3. Deeds
4. Financial records (ledgers, daybooks, cash books, payroll records, tax related records, etc.)

5. Parish council materials
6. Records of parish organizations, e.g. St. Vincent de Paul Societies, Christian Women, Holy Name Society, Usher Society, etc.
7. Marriage case files
8. Personnel files
9. Photographs
10. School related materials, including pupil or teacher personnel records (unless kept in the school office)

What must merging parishes do with records of this type?

In consultation with the Archives and the Finance Office, records that are eligible for destruction should be destroyed in accordance with Diocesan Records Retention policy. Records of more long-term or archival value MAY be transferred to the Diocesan Archives, at the discretion of the pastor/administrator under the supervision of the Diocesan Archivist. The transfer of archival records should take place just prior to the parish reconfiguration.

The administrative records for all parishes in the territory of the reconfigured parish must be transferred, with the oversight of the implementation coordinator, to a single location in the reconfigured parish just prior to the parish reconfiguration. The records will remain at the reconfigured parish location for a minimum of three years. At the end of a three year transition period, administrative records MAY be transferred to the diocesan archives, at the discretion of the pastor/administrator.

If the reconfigured parish location, obtaining the administrative records of the parish(es), is not able to care adequately for the records, they may be transferred to the archives without the three year transition period. Again, this will be at the pastor's discretion in consultation with the diocesan archivist.

Diocese of Madison

Data Security

Every year the quantity and ferocity of data breaches and cyber-crimes increases, causing immense harm to corporations and individuals alike. This policy has been constructed utilizing resources provided by Catholic Mutual Group to help defend parishes and staff from some of the vast array of physical or electronic attacks they may come under.

All parishes should readily have at their disposal someone whom they trust for technical support. If you do not have someone who is able to readily able to provide technical support or the issue is beyond the skills of the technical support individual(s) at your disposal, you may contact our Diocesan Computer Support staff.

A. Access Points

The vast majority of attacks succeed because employees are not well trained or informed in how to recognize attacks and how to prepare against them.

Passwords

Strong Passwords should be at least 12 characters, including at least one capital letter, a number, and a special character. Never use words that come from the dictionary or keyboard patterns. "Brute-force" attacks are password breakers that try *millions of passwords per second*, utilizing dictionary words and keyboard patterns as search algorithms. Additionally make sure that passwords are changed regularly.

1. "Brute-force" attacks easily breach passwords like:
    a. 123456
    b. reddog
    c. 9876543210
    d. password
    e. 7777777
    f. qwerty
    g. 123321
    h. HIGHPOINT
    i. 456asd$%^ASD
    j. 1q2w3e4r
    k. pineapplegrove

As a default, the more variations in characters you use, the more secure your system becomes. An example of a very strong password would be: T7#xh.6P0r$B*1m. *Do not use that password, make your own and write it down somewhere safe.*

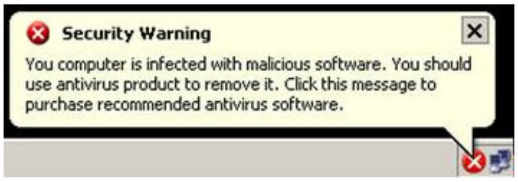
Make sure to use different passwords for each login. Hackers will use one password they break as a search basis to try and break into all of your accounts.

Multiple Authentication Steps

To protect information that should be strictly confidential, having systems in place that require multiple authentication steps are preferred. Forms of multiple authentications include, but are not limited to, entering a) pin numbers, b) data provided via a bank fob, c) several passwords or security questions, or d) a code provided via e-mail or text message.

Online Access

Numerous forms of viruses infect computers based on web activity. To protect you from these harmful threats, only use trusted websites. Never open ads or respond to unsolicited pop-ups. If a message should appear indicating that your computer is infected or at risk, do not click the associated links. Write down on a piece of paper what program is claiming your computer is at risk and exit out of your internet search engine ***by right clicking the icon at the bottom and selecting "close", <u>not</u> by hitting the "x" in the top right***. Next contact your IT support or the Diocesan Computer Support staff. *Never* pay for online technical support offered by such warnings, nor should you call the number listed without first consulting IT support. Recall that a well-developed and highly dangerous attack will appear professional in nature and may even look the same as your own cyber security program. Do not fall for this. If there is ever an issue, contact your IT support and do **not** use the programs, features, or services advertised in the pop up. Below are several visual examples of these attacks:



Work Station Security

All computing devices must be secured with a password-protected screensaver that activates automatically after 10 minutes or less. Employees must manually lock the screen, log off, or shut down when leaving their work station unattended. Computing devices must be securely locked when not in use. When the device remains unattended for an extended period of time at work, it should be kept in a locked room, preferably with the device being placed in a location that cannot be seen from outside the room in which it is kept. During transportation,

devices should be placed in car trunk. If the vehicle's trunk is exposed to outside viewing, such as in the case of an SUV or minivan, cover the device so that it cannot be seen from outside of the vehicle. Please consider that conditions of heat, cold, and excessive humidity can damage and lessen the performance of a computer.

B. Record Protection and Destruction

Storing Data

All devices should have some form of an active firewall on them. Do not turn off security settings and be conscious of what you enable or disable on your computer. For instance, macros in Microsoft tools like Excel and Word are rarely used by most users. They are, however, a very easy avenue through which hackers will take control of your device remotely. Before enabling content in a program know what you are enabling and why it should be enabled.

Recall that only users who are permitted to have access to confidential data should be able to view or handle it. This means paper copies of records, external/removable hard drives, flash drives, CD's, other data storage tools, and parish devices should be stored in a safe, secure location. Electronic files within these locations that contain confidential information should themselves be password protected or in a password protected file.

When assisting parishioners with setting up various forms of pledge(s) / donation(s) / payment(s) to the parish, it is important to protect the parishioner's information and in so doing protect the parish from litigation. As a general rule, never store information associated with parishioner bank accounts or credit cards electronically. The third party vendor handling the payment transaction process will retain and encrypt the necessary information. In a secured safe or filing cabinet it may be useful to create a file for voided checks used for establishing EFT's, the last four digits (only) of the credit card number and its expiration date, parishioner contact information, and circumstances surrounding the pledge / donation(s) / payment(s). Bank or credit card information in this file should be destroyed when it becomes obsolete or after seven years.

Transferring Data

Do not send sensitive data over unencrypted e-mail. E-mail is an easy way for cybercriminals to intercept your communications, leading to significant security breaches. Use encryption or safe portals for e-mails with sensitive information such as SSN's or Social Security Numbers, financial data, or passwords. Alternatively send that information via paper mail or telephone to mitigate this risk.

Sharing Data

At times entities (including church groups) may request information from the parish regarding parishioner names, addresses, contact information, or otherwise. This information is sensitive information that has been entrusted to the parish and therefore must be protected. A better solution than sharing sensitive information is requesting other entities to submit the articles they wish to distribute to parishioners. A party (such as the pastor) may then review the content

and permit the articles to be passed onward to the parishioners without having compromised parishioner information. A similar practice to this is utilized at the Diocese.

As always, sensitive data should be transferred in a manner which most effectively protects the data. Mailing information prevents it from being hacked into in the event of a cyber breach. Information may also be transferred from one computer to the next via flash drive. Note: Some viruses that live on computers are set to automatically download when a new drive is inserted, meaning it will transfer from one computer to the next (see Section D. Software Defenses for details on how to defend yourself against viruses and the like).

Holding Back-up Records

As a safety protocol to protect parish records, a 3-2-1 backup strategy is to be maintained. This means that of any critical document, there should be three (3) copies of the document, stored on two (2) different medians (electronic & hard copy), with at least one (1) back-up set of records to be housed at an off-site location. Records are to be stored in a secured location. Backups at the off-site location should be updated at least monthly, if not bi-weekly or weekly, depending upon the influx of data to the parish.

This practice ensures that if the parish office is damaged or destroyed by human, mechanical, or natural events, the records are not lost and the parish may continue operations.

Retaining Medical Records

As a basic rule, with limited exceptions, employers must keep confidential any medical information about an applicant or employee. Information can be confidential even if it contains no medical diagnosis or treatment course and even if it is not generated by a health care professional.

1. Do not place medical information in regular personnel files. Keep it stored in separate, secured files that are accessible only by designated persons.
2. One file should be kept for medical leaves. Information in this file should include requests, correspondence, and any medical information provided by the employee, primary care physician, or the health insurance provider. Information in this file should be destroyed one year after the event triggering the request for leave has been resolved in full.
3. One file should be kept for worker's compensation. Information in this file should include the claim, the known correspondence and documentation surrounding and following the event, any medical records and insurance information associated with the event, and information regarding the claim's resolution. These records should be kept permanently, as future claims may arise if other events are triggered by the historic event.
4. Improper disclosure of medical information is a violation of federal and state law.
5. Do not store information of this nature electronically.

Record Destruction

Wisconsin State Statute 134.97(2) mandates: "Any business in possession of records containing an individual's personal information must shred, erase, or modify the record to make it unreadable or indecipherable before disposing of the record."

Confidential documents that are no longer required to be retained must be destroyed following the below steps. Failure to properly destroy certain documents could jeopardize the safety of parish or personnel information, leading to theft, system corruption, or potential lawsuits.

1. For hard copies of documents, they must be *shredded*, **not** recycled or disposed of via the trash.
2. For electronic computer records, simply deleting them from the recycling bin does not permanently delete the record. In fact, these records are very easy to recover because all that deleting them from the recycle bin does is break the link that enables a standard user to access the file.
    a. If the computer or portable storage device will continue to be used for the same purposes, follow all other protocols regarding data encryption and protection to prevent a hacker from accessing this data.
    b. If the device will be discontinued from its current service and reappropriated as a personal device or to a user other than an employee of the parish, **contact the Diocesan Computer Support staff**. We will assist you in deleting your old records to protect the integrity of your data.
    c. If the device will be disposed of, physically destroy the hard drive or portable device. Hard drives are located in different places in devices, so either look-up online where the hard drive is located or destroy the device all together. Ensure the device is thoroughly destroyed such that the hard drive, which is embedded within the device but can be removed and reused, itself has been destroyed in the process to prevent anyone from accessing the hard drive.

Should information ever be obtained by someone who is not to have that information, Wisconsin State Statute 137.98(2) articulates: "An entity that maintains or licenses personal information of a Wisconsin resident, in the ordinary course of business, must, upon discovery of a breach [regarding the security of that data], notify the affected resident. Personal information is defined below under F. Vendor Management Contract.

All entities must provide notice in the most expedient time possible but no later than 45 days after discovery of breach… Failure to comply may be used as evidence of negligence or a breach of a legal duty."

C. Types of Attacks

Attacks come in innumerous different forms. Being trained how to detect these attacks is vital for the protection of your parish.

Attachments

The following are a list of attachments you may see in an e-mail that are highly dangerous file types that should never be opened. You may see the file type by hovering over the attachment with your cursor.

1. .bat Batch processing files used to execute system commands or programs
2. .com Windows command files
3. .cpl Control panel extensions
4. .exe Windows binary executable files
5. .js Java script files
6. .ocx Object linking and embedding control
7. .pif Program information file used to tell Windows how to run non-Windows applications
8. .scr Screen saver programs; may include binary code
9. .sys System configuration files
10. .vb Visual Basic script files

E-mail Requests

Targeted "Phishing" and "Spear Phishing" attacks come through via e-mail. This is the most successful form of attacks and the one you will encounter the most. They will often be e-mails of suspicious nature or e-mails claiming to be from the Pastor, the Bishop, the Diocese, the USCCB, the Vatican, or from vendors you do business with including banks. Always be highly skeptical of such e-mails and do not open them unless you are sure that they are safe to open.

"Phishing" e-mails are meant to imitate real e-mails, but will often ask for a wire transfer, for you to download and sign something, for you to send through W-2's, or for you to make payment of an invoice. They may even include a phone number as a point of contact; do not call that number. Furthermore know that neither the Vatican, nor the USCCB, nor the Bishop would ever have cause to e-mail you and make requests of this nature. Information rolls up to those entities through proper channels from the Diocesan offices.

If you receive an e-mail that you think is safe, but it is requesting one of the items listed above, first call the individual / entity that supposedly contacted you via a number *you have used in the past and know to be theirs*. Our contact information is available on the Contact Page of the diocesan website. It is important to know that a skilled hacker can gain access to an e-mail account and send e-mails through the actual person's e-mail account. For this reason, **always verify** with the actual person the request they have sent when it pertains to confidential data or fund transference.

Always look at the actual e-mail address of the sender to ensure it makes sense and is coming from the proper e-mail for that entity. Note that hackers might use an e-mail that is almost identical to the actual e-mail of the sender they are posing as, changing only one character in

the address line. Again recall that a hacker could actually be sending e-mails from the individual's account. When a link is provided in an e-mail, be careful about clicking it. If it seems suspicious, don't click it. Before you click an e-mail, hover your cursor over it to see what the actual URL is (hyperlinks can appear as anything and open harmful viruses on your computer). The same can be done with a call-to-action button (which is a button that you may select within an e-mail or website), where it may indicate it will take you to one location but in fact may take you somewhere else entirely.

Note that "Phishing" can also take place via the phone or text messages. In these, the cybercriminal will pose as a real representative or provide what appears to be a real offer. Do not respond to these or fall victim to phone calls of this nature, even if their caller ID looks legitimate. Hang up. Do not call the actual entity they claimed to be immediately, as cybercriminals will often wait on the line, so that when you call it takes you right back to them. Cybercriminals may even set up background noise so it sounds like a call center or set up a holding system so it seems like the real entity. Use either a different phone line or wait for a significant amount of time to pass before calling. Only provide sensitive information when you are sure you are speaking with the real entity, not a cybercriminal.

Fake Virus Alerts & Fake Tech Support

When browsing the web you are susceptible to receive pop-up ads indicating that your computer has become infected, suggesting you should seek technical help right away by contacting them at their provided number or by downloading their free software to help counteract it. This is another form of attack, discussed under Section A. Access Points – Online Access. Recall that well developed attacks will appear to users to be the software on their computer built to defend them against such attacks. Again, any time that such a pop up or warning appears, write down the program name and immediately close out of everything, then contact your IT support (not the support listed in the pop up).

D. Software Defenses

Having software defenses are critical to protect your computer devices from other types of attacks that may target your system.

Software Updates

Updates to the core operating system of your computer are vital in protecting against malware, which specifically targets security holes in the design of the operating system coding. Windows computers will have "Windows [number]" updates whereas Macs will have "Mac OS X [number]" updates. Always update your computer and check for updates manually at least once a month if the computer is not automatically updating for you. Most computers enable an auto-update to be turned on, but prior users could have turned this feature off. For help with this, contact IT support.

Anti-Virus Software

Every computer device, but especially those that deal with financial matters like records stored in QuickBooks or online banking, should have anti-virus software. Antivirus software protects

against known viruses, Trojans, worms, and traditional threats. Numerous different services are available. Below are three free anti-virus programs that we would suggest. All of the free programs share great similarity in their protective grids; differences show up with the premium anti-virus package purchases.

1. Bitdefender at https://www.bitdefender.com/solutions/free.html
2. Sophos at https://home.sophos.com/ – which is limited to 10 computers per account. The premium version offers web filtering, ransomware protection, safe online banking, web cam protection, protected applications like Microsoft Office, and Master Boot Record Protection, which protects stored data from being corrupted or destroyed.
3. MalwareBytes at https://www.malwarebytes.com/premium/ – The premium version provides protection against exploit attacks, ransomware, and malicious website attacks, all in real time. A free version is available as well, but must be manually run and does not include the above listed features.

E. Electronic Device Usage Policy

To help protect the Church, an e-mail policy similar to the one below could be added into employee contracts and a requirement of their employment, helping ensure proper electronic device usage:

The Parish name communication and computer systems are intended primarily for business purposes; however limited personal usage is permitted if it does not hinder performance of job duties or violate any other Parish name policy. This includes the voicemail, e-mail, and internet systems. Users have no legitimate expectation of privacy in regard to their use of the Parish name systems.

The Parish name may access the voice mail and e-mail systems and obtain communications within the systems, including past voice mail and e-mail messages, without notice to users of the system, in the ordinary course of business when Parish name deems it appropriate to do so. The reasons for which the Parish name may obtain such access includes, but is not limited to: maintaining the system; preventing or investigating allegations of system abuse or misuse; assuring compliance with software copyright laws; complying with legal and regulatory requests for information; and ensuring that the Parish name operations continue appropriately during an employee's absence.

Further, the Parish name may review internet usage to ensure that such use of Parish name property, or communications sent via the internet with Parish name property, are appropriate. The reasons for which the Parish name may review employee's use of the internet with the Parish name property include, but are not limited to: maintaining the system; preventing or investigating allegations of system abuse or misuse; assuring compliance with software copyright laws; complying with legal and regulatory requests for information; and ensuring that Parish name operations continue appropriately during an employee's absence.

The Parish name may store electronic communications for a period of time after the communication is created. From time to time, copies of communications may be deleted.

The Parish name policies prohibiting harassment, in their entirety, apply to the use of Parish name communication and computer systems. No one may use any communication or computer system in a manner that may be construed by others as harassing or offensive based on race, national origin, sex, sexual orientation, age, disability, religious beliefs, or any other characteristics protected by federal, state, or local law.

Further, since the Parish name communication and computer systems are intended for business use, all employees, upon request, must inform management of any private access codes or passwords.

Unauthorized duplication of copyrighted computer software violates the law and is strictly prohibited.

No employees may access, or attempt to obtain access to, another employee's computer systems without appropriate authorization.

Violators of this policy may be subject to disciplinary action, up to and including discharge.

F. Vendor Contract Management

Parish May Be Liable

Any time sensitive data (i.e. Personal Information, which is defined below) is stored, used, transferred to, or by, or exists within an electronic system; great caution should be exercised by the parish corporation. **It is generally understood that liability remains with the parish corporation in the event of a data breach, even if the data exists within a purchased software**. Therefore, anytime a contract or agreement involving personal information is to be entered into, Catholic Mutual Group (CMG) should be contacted, to help insulate the parish from possible liability. CMG will review the situation and ascertain if and where the parish might be exposed, as well as work to guide the parish in the process and contract resolution. Any existing contracts or agreements pertaining to software that utilizes or stores personal information should also be reviewed by CMG. For situations where personal information is kept in locations other than contracted third party software, please contact the Director of Parish Administrative Services.

Personal Information

Per the Wisconsin State Statutes, information that includes an individual's first name and last name, or first initial and last name, in tandem with any of the following is understood to be personal information, for which the parish corporation may be held liable for damages in the event of a data breach:

1. Social security number,
2. Driver's license number,

3. State issued identification card number,
4. Any kind of financial or banking account number,
5. Credit or debit card number when it is with the security / access code or personal identification number (PIN),
6. An individual's DNA profile,
7. An individual's bio-metric data (retina, finger prints, etc.), or
8. Information about someone's medical condition, if the information is not generally considered to be public knowledge.

The Wisconsin State Statutes do not list date of birth as personal information in the list above however; caution should still be used in protecting this information where it is appropriate.

G. Continued Training

There are numerous training programs available to help educate users in greater depth of the above material made available on Catholic Mutual group's home page. To access these go to: www.catholicmutual.org and select "Member Login". As your username and password enter "0178mad" and "service" respectively, then select cyber risk management. Under online courses, Password Best Practices, Phishing, and Spear-Phishing are all interactive videos that provide examples in their respective areas, helping to respond to the rising need for security.

Diocese of Madison

Cemetery Certification

It is recommended that each cemetery prepare the Annual Certification Form with substantial compliance and provides a list of investments as an attachment to Form 1787. The attachment should list the class and amount of each investment.

The Annual Certification Form is available on the Wisconsin Department of Safety and Professional Services website. A copy of this form is readily available in the link below: http://dsps.wi.gov/Documents/Credentialing%20Forms/Business%20Application%20Forms/fm1787.pdf

Wisconsin Administrative Code Chapter 54 provides a list of investments that are permissible. The following are permissible: corporate or government bonds, publicly traded stock, fully insured certificates of deposit or mutual funds where 80% of the monies in the mutual fund are invested in permissible investments. *Wis. Admin. Code RL 54.04(1). RL 54.04(2)* requires diversification of investments by limiting the percentage of cemetery funds that can be invested in any type of investment (i.e. bonds, stocks, etc.) to 50% or less, except that fully insured certificates of deposit may be 100% of the cemetery care funds.

If there are investments other than those listed in *RL 54.04,* a written statement of a licensed investment advisor or licensed securities broker shall be attached stating that in his or her opinion the investments provide safety equal to or greater than the investments permitted in *RL 54.04.* If the investments identified meet the requirements of *RL 54.04,* the Department of Safety and Professional Services will issue a letter of approval. Once approval is obtained for a particular investment, further approval is not needed for that investment per *RL 54.04(6).* In other words, once you have an approval letter on file, the cemetery may check the box for fully complied on Form 1787 in the future, unless there is a new investment or there is some other event that results in less than full compliance.

When the cemetery authority signs and swears to the information on Form 1787, they are stating that the information on the form is correct to the best of his/her knowledge and belief.

Diocese of Madison

Gaming

Any activity that involves the elements of prize, chance, and consideration is gambling and illegal unless authorized by Wisconsin Law. The State of Wisconsin Department of Administration ("DOA") has published Chapter 563 under Wisconsin Statue 35.18 pertaining to bingo and raffle control, which indicate who may be licensed to legally offer such games, what the various licenses enable, and how said games are to be conducted. A strict adherence to these rules is encouraged.

The following definitions are provided regarding prizes, chance, and consideration:

1. Prize – is the incentive offered to a consumer to enter a promotion.
2. Chance – winner is chosen by the "luck of the draw," with little or no skill or ability involved.
3. Consideration – anything that is a commercial or financial advantage to the promoter or a disadvantage to any participant. An example would be a required purchase or payment in order to participate. Postage and travel expenses related to reaching the sales destination do not constitute consideration.

Prizes may never consist of alcoholic or fermented malt beverages or an interest in real estate or securities.

Details on what is to follow are listed in the Gaming Rules and Regulations – Appendix.

A. Bingo

A fee of not more than $1 may be charged for admission to the premises at which a regular bingo game is conducted and entitles the entrant to play bingo free of charge. For an extra regular bingo sheet, a fee of not more than $1 may be charged. The price of cards must be the same for each game of the occasion. Special bingo allows for a fee of not more than $1 to be charged but do not require purchase of an admission card. Progressive Jackpot Bingo has its own rules and stipulations, as discussed in Gaming Rules and Regulations – Appendix.

No prize in a single game shall exceed $500 and the aggregate value of prizes at any bingo occasion cannot exceed $2,500, except in special circumstances. If merchandise is used, then its value is its current retail price; this is not redeemable or convertible into cash by the licensed organization. All prizes are to be provided on the day in which the bingo occasion occurred, except in cases of a progressive jackpot.

The profits from any bingo game shall be used exclusively for proper and legitimate expenditures of the licensed organization.

A semiannual report, provided at the time of license activation and license renewal, must be filed with the DOA that meets the requirements listed in Gaming Rules and Regulations – Appendix.

A separate annual report must be provided to members, as well as to any corporation of which the licensed organization is an auxiliary or affiliate of, that meets the requirements listed in Gaming Rules and Regulations – Appendix.

An occupational tax is imposed on the annual gross receipts of licensed bingo organizations. The tax rate is 1% of the first $30,000 in gross receipts and 2% on the gross receipts in excess of $30,000.[4]

B. Raffles

Raffles may only be conducted with all tickets in the draw pool and all tickets having an equal chance of winning.

All profits from raffles shall be used by the organization conducting the raffles to further the organization's purpose for existence; no salaries, fees, or profit shall be paid to any other organization or individual in connection with the operation of the raffle except for printing of tickets, calendars, or purchase of equipment or prizes.

A list of the names and addresses of all persons who received winning prizes with a fair market value of at least $600 must be maintained for at least 12 months for public examination, available upon request.

Two different classes of raffle licenses exist: the Class A and the Class B. An organization may separately apply for both licenses. Licenses are renewed on an annual basis and must be maintained and made accessible to the public eye upon request.

1. Class A raffle license:
    a. Conduct single-container raffles, a calendar raffle, or plastic/rubber duck races provided they are in accord with s. 563.908
    b. Sell and distribute tickets on days other than the day of drawing
    c. Sell equal shares of a ticket to one or more purchasers (s. 563.93 (3i))
    d. Ticket purchasers need not be present to win
2. Class B raffle license:
    a. Conduct multiple-container raffles, a calendar raffle, or plastic/rubber duck races provided they are in accord with s. 563.908,

[4] Taken from (1) the 2015 Informational Paper 86: State Lottery and Charitable Gaming under General Provisions of Charitable Gaming, (2) the 2015 Wisconsin Bingo Law Requirements under Occupational Tax, and (3) Wisconsin State Statutes Chapter 563 Bingo and Raffle Control 563.80.

b. Sell tickets on the day of the drawing or before, provided the purchaser only receives the ticket the day of the drawing,
c. Ticket purchasers or representatives of ticket purchasers need to be present and display ticket at the time of drawing to win.

An annual report must be filed with the DOA that meets the requirements listed in Gaming Rules and Regulations – Appendix.

C. Pull-tabs

Churches of the Diocese of Madison (e.g. nonprofit organizations) that wish to offer "pull-tabs" for sale to parishioners and guests at special events, must enter into a contract with the Wisconsin State Lottery to be permitted to serve as a lottery retailers. The rules require an initial retailer application fee and an additional fee for a three-year certificate of authority. Currently the initial contract application fee is $75. The certificate of authority fee of $25 per sales location (determined by mailing address) is imposed when a contract is awarded or renewed. This certificate of authority must be displayed where pull-tabs are sold. Pull-tabs may only be sold by parishes on parish grounds or at parish events.

Basic retailer compensation is established by statute at 6.25% of the retail price of instant tickets sold by the retailer. A higher rate of basic compensation (in 2013-14 averaged approximately 27.05%) is permitted to nonprofit organizations selling pull-tab lottery tickets at special events.

Pull-tab winners have 180 days from the end date of the game to claim prizes and must redeem the winnings at the church where the ticket was purchased.

Advertising and sale of pull-tabs is permitted provided that:

1. The odds of a specific ticket to be selected as the winning ticket for each prize amount offered is disclosed,
2. The Wisconsin State Lottery is informed of each location selling pull-tabs,
3. The certificate of authority is displayed, and
4. It is indicated that the pull-tab is only redeemable at the parish site it was purchased from (the State of Wisconsin will not provide winnings).

As a retailer, it is the responsibility to of the parish corporation to explain to customers how to play the game.

Pull-tabs cannot be sold to anyone less than 18 years of age. However, an adult may give a ticket to a minor.

Do not pay tickets that have been altered or were sold by another parish. You (the parish) may refuse to pay tickets that are badly mutilated, torn, damaged, etc., and should not pay tickets issued by another diocesan parish corporation.

You must pay all prizes at the listed values. Discounted winnings are not permissible.

After paying a ticket, mark it as “void” by any means deemed appropriate (punching a hole in the ticket, ripping the ticket in half, putting a “void” stamp on it, etc.). You are not required to keep paid tickets.

The initial purchasing of pull-tabs by the parish is exempt from Wisconsin State and county sales taxes; however, participants’ winnings may be taxable as income both at the state and federal levels. If an individual earns a total of $600 or more from the pull-tab games in the course of a year, the parish must provide them with a Form 1099-MISC and report earnings in box 7.

Diocese of Madison

Gaming Rules and Regulations – Appendix

This section serves as supplemental information to the Administration – Gaming.

A. Bingo

Additional information is provided on the DOA website and should be reviewed before beginning bingo operations.

1. Application – In order to apply for a license, organizations must meet the following requirements:
    a. Obtain a seller's permit and collect sales tax. Note that if the seller's permit was obtained solely for purposes of bingo operations, other occasional sales made by the non-profit, including bingo supplies and regular, extra regular, and special bingo cards, remain tax exempt provided that they follow the required statues. For more information regarding sales tax or how to apply for a sellers permit, see Accounting – Parish Taxes,
    b. Incorporated in the State of Wisconsin as a religious, charitable, service, fraternal, veterans, or other 501(c)(3) organization,
    c. Have at least 15 members in good standing,
    d. Conduct other activities in the state aside from bingo,
    e. Proceeds cannot go to members, individuals, or shareholders,
    f. Must receive funds from sources other than bingo,
    g. And have at least three years of financial history,
    h. File the prescribed form by the Wisconsin Department of Administration.
2. Operations – In order to legitimately run a bingo occasion, organizations must meet the following requirements:
    a. Bingo supplies and equipment specifically designed or adapted for use in the conduct of bingo may only be purchased from a licensed supplier or another licensed organization,
    b. Bingo cards must be five rows by five columns, containing 24 numbers between 1-75 and a middle space dictated as "free",
    c. The bingo sheet must be "hard" or reusable, and may only be printed on one side of the card, providing adequate space to play the game,
    d. Extra regular cards must be readily distinguishable from the regular cards,
    e. Special bingo cards may only be used for one game and must be marked indelibly by the player while in use as to render it void and unusable thereafter,
    f. One account shall be designated as the "bingo account", and shall be a regular or interest-bearing checking, share draft, or negotiable order of withdrawal account,

from which canceled checks, share drafts, or negotiable orders of withdrawal, or microfilm copies of any of them, may be obtained,

g. All gross receipts derived from the conduct of bingo shall be deposited into the bingo account. No other receipts may be deposited in a bingo account. Deposits shall be made within five-days following the date of a bingo occasion,
h. All withdrawals shall be by checks or other drafts having preprinted consecutive numbers, signed by the duly authorized person, and made payable to a specific person (never to a "bearer" or as "cash"),
i. Bingo Accounts must be maintained by a financial institution located in the state,
j. All documents supporting entries made in the books of accounts shall be kept for at least four years,
k. Keep an accurate, separate count of the regular, extra-regular, and special bingo cards which are sold, rented, or used. Such information must be made available for inspection at the close of the bingo occasion,
l. No person shall receive remuneration for participating in the management or operation of any bingo game,
m. Cannot be a caller for bingo unless they have been a member of the local unit of the religious organization for at least one year immediately preceding the date of the game, or is the spouse of such a member. Effectively: must be a parishioner (or spouse of a parishioner) for at least a year to be a bingo caller,
n. Minors are not allowed to participate unless an adult guardian or relative is on the premise. Minors cannot assist in or conduct bingo,
o. No game shall be commenced between midnight and 7:00 AM,
p. There shall be no limit to the number of calls before a winner is declared, thus ensuring a winner or set of winners (except in progressive jackpot bingo),
q. The organization may elect to set a minimum prize for each winner of a maximum of $10,
r. In the case of multiple winners the prize is divided evenly, following any minimums set, and may be rounded to the next lower or higher dollar at the organization's discretion. When equal division of a merchandise prize is not possible, identical substitute prizes whose aggregate retail value is approximately equal to that of the designated prize may be awarded or a cash prize equal to the retail value may be divided among the winners.

3. Progressive Jackpot Bingo – Progressive jackpot bingo is done by covering all the numbers on one's bingo card within a specified number of calls. The number of calls in the first game shall be at least 48 and shall increase by one in each succeeding game until a player wins the progressive jackpot bingo prize. Further rules pertaining to this game are dictated below:
    a. After the specified number of calls for a game is completed, if no person has won, the game shall continue until a player covers all of the numbers on his or her card and that player shall be awarded a consolation prize of not less than $100. The consolation prize may not be paid from the 50% of card sales used to fund the progressive jackpot bingo prize,
    b. The starting prize shall be any of the following:
        i. 50% of the card sales for the first game,
        ii. An amount specified before the start of play, not exceeding $500,

iii. Each succeeding game of progressive jackpot bingo shall be 50% of card sales for the game plus the prize amount from the preceding game,

c. If the amount of the prize in a progressive jackpot bingo game is determined, at least in part, on the basis of card sales, the method for determining the amount of the prize must be clearly described, audibly announced, and posted, but the amount of the prize need not be announced or posted,
d. No card may be sold for the game after it has begun,
e. This may only be played on special bingo cards,
f. Once started, it shall be played at each succeeding bingo occasion until a player wins the jackpot, except that progressive jackpot bingo may only be played once per day.

4. Semiannual Report – Reporting periods encompasses each six-month window following the date the organization was licensed for bingo purposes. 60 days after each period, the semiannual report is due. The form is provided upon issuance of license to the organization. It requires the following:
    a. Payment of gross receipts tax due,
    b. Reporting of all licensed dates on which games were to be held, regardless of if any transpired,
    c. The name and address of each supervising member and member responsible for the proper utilization of gross receipts,
    d. The date, hour, number of games played, and address of each bingo occasion held during the reporting period,
    e. An itemized statement of the gross receipts from each bingo occasion held during the reporting period, including gross receipts from sales of bingo cards and supplies,
    f. An itemized statement of expenditures for each bingo occasion held during the reporting period, including amounts paid for prizes, bingo supplies and equipment, license fees, and other expenses,
        i. Current retail price of merchandise prizes donated to a licensed organization shall not be reported as an expenditure in its financial statement of bingo operations,
    g. An itemized statement of expenditures, if any, made during the reporting period by the licensed organization for the advancement, improvement, or benefit of the licensed organization,
    h. A statement showing the balance in the licensed organization's bingo account and all deposits into and adjustments in the bingo account that were made during the reporting period,
    i. The name of the depository and the title and number of the account,
    j. Must be signed by the member responsible for the proper utilization of gross receipts for the bingo occasion,
    k. Maintain a copy for your own permanent records.

5. Annual Reporting to Members – Annual reports must be copied and provided both to members as well as to any parent or affiliate organization of which the bingo conducting entity is a part vis-à-vis the executive officer for retention within its corporate minutes. The report must, at a minimum, provide the following:
    a. The number of bingo occasions conducted,

b. The amount of prizes paid,
c. The disposition of profits,
d. The net profit or loss,
e. The gross receipts,
f. Interest earned on profits deposited in interest bearing accounts,
g. And a summary of expenses incurred.

B. Raffle

Additional information is provided on the DOA website and should be reviewed before beginning raffle operations.

1. Application – In order to apply for a license, organizations must meet the requirements dictated below. Applications may be completed online. Licenses need to be renewed on a yearly basis.
    a. Be a local religious, charitable, service, fraternal, or veterans organization, or any organization to which contributions are deductible for federal, state, or franchise tax purposes, falling under Section 501(c)(3) of the Internal Revenue Code,
        i. "Local" in this context refers to an organization whose activities are limited to this state, to a specific geographical area within this state, or to a specific geographical area that is partly within this state and partly within another state,
    b. Have an Internal Revenue Service determination letter stating that contributions to your organization are deductible for income tax purposes,
    c. And has existed for one year as its own entity or at least three years as a chartered state or national organization.
2. Ticket Requirements – Class A and Class B licenses, described prior, require different types of raffle tickets to be utilized:
    a. Class A tickets and calendar forms are to be standardized and include:
        i. The number of the license issued by the department,
        ii. The name and address of the sponsoring organization,
        iii. The price of the ticket or calendar and the discounted price, if applicable, to multiple ticket or calendar purchases,
        iv. A place for the purchaser to enter their name and address,
        v. The date, time, and place of each drawing,
        vi. And a list of each prize to be awarded that has a fair market value of at least $1,000.
    b. Class B tickets must:
        i. Be in identical form to all other Class B tickets in that given raffle.
3. Other Class A Requirements:
    a. An organization conducting a raffle under Class A must:
        i. Prominently display laws that impose age restrictions for prize holders at purchase locations,
        ii. Make a good faith effort to award all prizes offered. If unable, prizes may be saved for a later raffle,
        iii. Provide ticket purchaser with ticket before the date of the raffle,
        iv. Hold all drawings in public,

v. Print ID numbers on both portions of tickets and use consecutive numbering for tickets of that raffle,
vi. Refund purchasers if a drawing is canceled,
vii. Place the organization's portion of the ticket into the container prior to the time of the drawing,
viii. Hold the organization's portion of the tickets purchased for one year to furnish to the department upon request.

b. An organization conducting a raffle under Class A must **not**:
i. Permit another to use its license to conduct a raffle,
ii. Offer tickets more than one year in advance of raffle,
iii. Require the purchaser to be present,
iv. Resell a ticket.

c. An organization conducting a calendar raffle under Class A must also:
i. Print identical dates and prize amounts for each ticket sold,
ii. After a drawing, place the winners into the container to allow purchasers the chance to win again in subsequent drawings,
iii. Only have a maximum of one calendar raffle going per year,
iv. Not change the date of the drawing after the first ticket is sold,
v. Not sell any tickets after the first drawing is held.

4. Remote Sales:
a. Internet sales are generally not permissible, as it may violate either the DOA regulations or Federal Postal Code (both expressed in part below).
i. The services offered by online software must be provided as a donation to the organization, as Wisconsin law proscribes that no salaries, fees, or profits can be paid to any other organization or individual in connection with the operation of the raffle.
ii. The organization must print out the actual tickets and have the purchaser fill out their information on it. See "b." and "d." for the continuation of this point.

b. Federal Postal Code makes it illegal to mail raffle tickets, order forms, and payment for raffle tickets using the US Mail or common carriers. This requires ticket purchasers to receive their tickets in person.

c. Tickets may be offered via mail. Tickets offered in this manner must be tickets offered free of charge, though a suggested donation amount may be stipulated.
i. This approach is no longer classified as a raffle but as a sweepstakes, and is governed by those laws. Sweepstakes tickets or entry forms may be offered via U.S. Mail – **free of charge**. They must contain the following language in easy to see and clearly visible font: "No Purchase Necessary to Enter."
ii. You must ensure that *each individual ticket* contains this information, that the information is explicitly stated, and that where the information is stated is readily available and clearly legible to the eye.
iii. If it is the intent of the parish, as a sponsor of the sweepstakes, to extend an invitation for the entrant to consider making a donation, an offer to donate or a suggested donation amount may be stipulated.

d. Raffle ticket sales are disallowed beyond the boundaries of Wisconsin. This further complicates "A", as it requires one to track where an online order comes from and limit the purchase to those who are the permissible geographical area.

5. Annual Filing – a prescribed report, available on the DOA website, is to be filed with the DOA annually and submitted by the last day of the 12th month following the date on which the license was issued. Maintain a copy of the filed form for your own records. It must contain:
    a. The number and dates of the raffles conducted,
    b. The amounts of prizes paid,
    c. The net profit or loss,
    d. The receipts,
    e. An accounting of all sold and unsold tickets for each raffle.

Diocese of Madison

Capital Renovations and Construction

The objective of this policy is to assist parishes in the renovation or construction of cost-effective facilities that support the pastoral ministry of the parish. Because the approval of the **Bishop is required** for any project beyond the ordinary administration of the parish, the Bishop has appointed the Diocesan Building Commission (DBC) to advise him and parishes regarding capital renovation or construction plans.

The DBC and diocesan staff strive to create a collaborative, team-oriented approach with the parish leadership and encourage the parish to do the same with its own building committee. Assembling the right team early in the project's planning is critical. Making sound decisions early in the process will save significant time, money, and effort as the capital project develops.

The review of a parish project by the Bishop and the DBC **is required** to assure that it contributes to the spiritual welfare of the faithful, and that the parish has the necessary financial means to both construct and maintain the building.

Any time that such a project is considered, the Pastor **must** contact the DBC *before* beginning the process.

If the capital project involves renovation or construction of worship space, the Pastor must meet with the Diocesan Director of Worship during the approval process (see Section B. Construction and Approval Process – Step 7d*)*.

A. When is the Bishop's Approval Required?

In the Diocese of Madison, by law or policy, approval of the Bishop is required to:

1. Purchase, sell, lease, mortgage, encumber, or dispose of, in any way, real estate or movable property of great importance,
2. Incur a debt exceeding $40,000 or establish a line of credit with a lending institution,
3. Build, tear down, rebuild, or remodel any building, or to make extraordinary improvements on any church property exceeding $40,000 in cost or having a notable liturgical impact,
4. Undertake extensive structural repair, renovation, restoration, or modification that requires engineering or design professionals.

B. Capital Renovation or Construction Approval Process

1. Contact the DBC by letter, e-mail, or phone
    a. To best prepare for this discussion, have information on the following six items readily available:
        i. The nature of the proposed project, explained in sufficient detail to describe the proposed work (please consider that the legal and common name of the parish may be different),
        ii. The need for the project,
        iii. The estimated cost of the project, by component, so that all elements of the project are identified with their respective sub-costs (electrical, plumbing, masonry, etc.), often available via actual vendor bid estimates or quotes,
        iv. The financing plan, such as a capital campaign, to cover the estimated costs,
        v. The anticipated project schedule, often available via actual vendor quotes, and
        vi. The recommendation of the Parish Finance Council.
2. Request to Prepare *Needs Assessment Report*
    a. The Pastor, with the assistance of the Parish Finance Council, must send a request to the Bishop for permission to form a Parish Planning Committee to prepare a *Needs Assessment Report*.
    b. When submitting a letter to the Office of the Bishop, please address them to the Bishop and send them to the Office of Building, Construction, and Real Estate, requesting approval of the Bishop or for meetings with the DBC, including the common and legal name of your parish.
3. Preparation of *Needs Assessment Report*
    a. Gather the pertinent information required to respond to the report requirements articulated in 3c below. In doing so, assess various approaches to address the identified needs. If necessary, the parish should search outside its membership to obtain the necessary expertise to assist in this phase.
    b. After receiving approval from the Bishop to prepare the *Needs Assessment Report*, the Parish Planning Committee should complete the report and provide it to the DBC in a meeting with the Pastor to review the report and receive diocesan approval.
    c. The report should include the following:
        i. Members of the committee,
        ii. Financial and demographic projections for the past three years and next five years,
        iii. Current building usage,
        iv. Justification of needs and how it relates to the parish's pastoral plan for ministry,
        v. Anticipated project scope, including potential impact on consolidation or "pairing" of adjacent parishes,
        vi. Anticipated project schedule,
        vii. Anticipated process for decision-making,
        viii. Anticipated cost of the project, and
        ix. Anticipated means to pay for the project,

4. Project Program & Planning Process
    a. If the Bishop has approved the contents of the *Needs Assessment Report* and the notations made by the DBC then the Parish Planning Committee will develop:
        i. A program of space needs, indicating priority,
        ii. Preliminary (schematic) designs for the project, including possible phasing of the project,
        iii. Preliminary cost estimates,
        iv. A financial plan indicating how the project will be paid for, and
        v. An estimated schedule for the project.
    b. It may be beneficial at this point to bring in a general contractor or other consulting entities, such as fundraising firms, architects, engineers.

5. Documentation of Completed *Program & Planning Process Report*
    a. The final decisions of the Parish Planning Committee must be documented in a concise and organized report form, to be provided to the DBC in a meeting with the Pastor to review the report and receive diocesan approval.
    b. The report should include the following:
        i. Approval of the items noted in Step 4 by the Parish Planning Committee, Parish Pastoral Council, and the Parish Finance Council,
        ii. The program of space needs,
        iii. Preliminary (schematic) designs,
        iv. Cost estimates broken down in sufficient detail to reasonably reflect the various elements of the project,
        v. Proposed financing plan details and time requirements,
        vi. Estimated time schedule for the project from the start of fundraising through to the completion of construction, and
        vii. A statement from the Pastor indicating the general acceptance of the project by a majority of the parishioners.

6. Fundraising
    a. **After** receiving approval from the Bishop on the *Program & Planning Process Report*, fundraising may begin.
    b. The Office of Stewardship and Development is a resource available to provide guidance in your fundraising efforts. To begin this process, please contact the Director of Stewardship and Development.

7. Construction and Bidding Process
    a. When at least 50% of the project's cost is in hand and the remaining costs are covered by capital campaign pledges (to be received within 10 years or less), the Pastor should meet with the DBC and request approval to proceed with construction documents and bidding.
        i. If the fundraising goal is not yet achieved, but it anticipated to be achieved in the near future, a meeting could be scheduled to request approval to proceed.
    b. Bids should be obtained by at *least* three different qualified general contractors.
    c. **Construction contracts must be obtain from the architect and contractor prior to construction but should not be signed until the Bishop gives approval and his proxy is obtained.**

d. Unless approved by the DBC and the Bishop for large projects, no long term debt is to be incurred. Short term construction loans are to be negotiated with local lending institutions.

8. Presentation of Completed Construction Documents and Bid Results to the DBC
    a. After receipt of bids, the Pastor and the Parish Planning Committee members should meet with the DBC to present the results of the bidding and a comprehensive tabulation of all anticipated and already incurred costs.
    b. One complete set of construction documents, a tabulation of bids received, and the proposed construction contract should be submitted to the DBC for review. Electronic files are preferred.
    c. Once a general contractor is selected, the contractor is to prepare an estimate at each document development phase with the goal to manage project costs. Each of these approaches ultimately requires the contracting entity to prepare a Guaranteed Maximum Price (GMP) prior to the start of construction.
    d. The Diocesan Director of Worship must be consulted if the project involves worship space. The guidelines developed by the National Conference of Catholic Bishops articulated in the book *Built of Living Stones: Art, Architecture, and Worship* must be followed.
    e. If the Bishop approves, construction may begin.
9. Insurance Notification
    a. Each parish must have **their own** builder's risk insurance.
    b. All contracts must be reviewed by the Catholic Mutual Group Claims Risk Manager, available on the Contact Page.
    c. The Pastor must notify the Diocesan Self-Insurance Program (Claims Risk Manager) of the costs associated with the project.
10. Post Construction
    a. Upon completion of construction, one set of all documents, which have modified construction documents submitted in Step 7, such as change orders, architect's field orders, etc., must be provided to the DBC.
    b. Dedication of completed facilities is to be coordinated with the Office of the Bishop.
    c. The architect or general contractor must complete necessary forms for the new construction or major building renovation to be included in property insurance coverage.

C. Special Considerations

Parish Corporation Officers

Generally, an officer of the parish corporation is required to sign all documents, including those with architects and building contractors. The pastor or administrator is vice president of the parish corporation. In order to clearly declare the authority of the pastor to act in the name of the parish corporation, and validly commit the parish corporation, an approval from the Bishop should be obtained.

In addition to consulting the DBC and the Bishop of Madison:

1. If the project involves a school, the Diocesan Superintendent and the Parish School Committee/Commission are to be consulted, or
2. If the project involves worship or liturgical space, the Director of the Office of Worship is to be consulted.

All parishes and schools must comply with all federal, state, and local codes as applies to their situation.

Contracting Internally

A special note of caution should be made regarding entering into business contracts with parishioners. A parish, school, or institution wishing to call upon the abilities of one or more of its members who work in the construction industry is permissible provided at least two or preferably three competitive bids have been obtained.

Diocese of Madison

Capital Repairs and Replacements

The objective of this policy pertains to the repair or replacement of parish assets that are classified as property, plant, or equipment. Because the approval of the Bishop **is required** for any project beyond the ordinary administration of the parish, the Bishop has appointed the Diocesan Building Commission (DBC) to advise him and parishes on capital repairs and replacements.

The DBC and diocesan staff strive to create a collaborative, team-oriented approach with the parish leadership. Making sound decisions early in the process will save significant time, money, and effort as the capital project develops.

The review of a parish project by the Bishop and the DBC **is required** to assure that it contributes to the spiritual welfare of the faithful, promotes the growth and sustainability of the parish corporation, and functions as a prudent and timely use of parish resources.

Any time that such a capital project is undertaken, the Pastor **must** contact the DBC *before* beginning the process.

For additional guidance regarding preventing boiler equipment loss, please consult the following: www.travelers.com/boilerre/boiler-reinsurance-services/risk-control/risk-control-guides.aspx

A. When is the Bishop's Approval Required?

In the Diocese of Madison, by law or policy, approval of the Bishop is required to:

1. Incur a debt exceeding $40,000 or establish a line of credit with a lending institution, or
2. To make extraordinary repairs or replacements on any church property exceeding $40,000 in cost or having a notable liturgical impact regardless of cost.

Approval of the Bishop is not required for ordinary acts of administration such as:

1. Minor repairs,
2. Purchasing building maintenance supplies that are normal and customary, or
3. Replacing worn out equipment if the cost does not exceed $40,000.

B. Capital Repair or Replacement Approval Process

1. Contact the DBC by letter, e-mail, or phone;

a. To best prepare for this discussion, have information on the following six items readily available:
    i. The nature of the proposed project, explained in sufficient detail to describe what the proposed work (please consider that the legal and common name of the parish may be different),
    ii. The need for the project,
    iii. The estimated cost of the project, by component, so that all elements of the project are identified with their respective sub-costs (electrical, plumbing, masonry, etc.), often available via actual vendor bid estimates or quotes,
    iv. The financing plan, such as the parish reserve for replacements or capital campaigns,
    v. The anticipated project schedule, often available via actual vendor quotes, and
    vi. The recommendation of the Parish Finance Council.

2. Fundraising
    a. **After** receiving approval from the Bishop on the *Program & Planning Process Report*, fundraising may begin.
    b. The Office of Stewardship and Development is a resource available to provide guidance in your fundraising efforts. To begin this process, please contact the Director of Stewardship and Development.

3. Construction and Bidding Process
    a. When at least 50% of the project's cost is in hand and the remaining costs are covered by capital campaign pledges (to be received within 10 years or less), the Pastor should meet with the DBC and request approval to proceed with construction documents and bidding.
        i. If the fundraising goal is not yet achieved, but it anticipated to be achieved in the near future, a meeting could be scheduled to request approval to proceed.
    b. Bids should be obtained by at *least* three different qualified general contractors.
    c. Contracts should not be signed until the Bishop gives approval and his proxy is obtained.

4. Presentation of Final Repair or Replacement Documents and Bid Results to the DBC
    a. After receipt of bids, the Pastor and Parish Finance Council should meet with the DBC to present the results of the bidding and a comprehensive tabulation of all anticipated and already incurred costs.
    b. One complete set of repair or replacement documents, a tabulation of bids received, and the proposed contract should be submitted to the DBC for review. Electronic files are preferred.
    c. If the Bishop approves, repairs or replacements may begin.

5. Insurance Notification
    a. Each parish must have **their own** builder's risk insurance.
    b. All contracts must be reviewed by the Catholic Mutual Group Claims Risk Manager, available on the Contact Page.
    c. The Pastor must notify the Diocesan Self-Insurance Program (Claims/Risk Manager) of the costs associated with the project.

6. Post Project Completion
    a. Upon completion of repairs or replacements, one set of all documents, which have modified documents submitted in Step 3, such as change orders, architect's field orders, etc., must be provided to the DBC.
    b. Dedication of completed facilities is to be coordinated with the Office of the Bishop.

C. Special Considerations

Parish Corporation Officers

Generally, an officer of the parish corporation is required to sign all documents, including those with architects and building contractors. The pastor or administrator is vice president of the parish corporation. In order to clearly declare the authority of the pastor to act in the name of the parish corporation, and validly commit the parish corporation, an approval from the Bishop should be obtained.

In addition to consulting the DBC and the Bishop of Madison:

1. If the project involves a school, the Diocesan Superintendent and the Parish School Committee/Commission are to be consulted, or
2. If the project involves worship or liturgical space, the Director of the Office of Worship is to be consulted.

All parishes and schools must comply with all federal, state, and local codes as applies to their situation.

Contracting Internally

A special note of caution should be made regarding entering into business contracts with parishioners. A parish, school, or institution wishing to call upon the abilities of one or more of its members who work in the construction industry is permissible provided at least two or preferably three competitive bids have been obtained.

Diocese of Madison

Asbestos and Lead Paint

Historically, both asbestos and lead paint were popular building materials, providing added strength and fire resistance where applied. These substances, once thought to be safe, are harmful both to humans and to the environment. Litigation may be brought against a parish if individuals are exposed to these dangers. To protect a parish from sustaining such damages, it is important to understand where these substances may exist, and how they may cause harm.

Asbestos was widely used prior to 1980 in floor tiles, ceiling tiles, roof shingles and flashing, siding, insulation (especially around boilers, ducts, pipes, sheeting, and fireplaces), pipe cement, and joint compound used on seams between sheetrock pieces. Asbestos usage is **not** banned in the United States, meaning that it may be in buildings constructed after 1980, but its usage has been significantly restricted. An act was passed in 1986 requiring identification of the presence of asbestos in schools. Products constructed with asbestos become dangers when they are exposed to normal wear and tear, age, or renovation/construction, which dislodges micro fibers of asbestos, causing it to become airborne (termed "friable").

Lead paint is another hazard associated with older buildings and other items painted prior to 1978. Painted items may include interior and exterior walls, toys made and painted outside the U.S., bullets, curtain weights, fishing sinkers, pipes and sink faucets, jewelry, pottery, and figurines. In 1978 the Federal government banned consumer uses of lead paint. The lead in paint becomes dangerous when it is ingested or if dust containing lead is inhaled.

Whenever a renovation project or new construction is contemplated in or near an existing structure that may contain asbestos or lead, testing should be completed prior to commencement of any work, and proper measurements should be taken to protect against existing asbestos or lead paint properly. Encapsulate any areas where asbestos is present to prevent the asbestos from becoming airborne. Utilizing proper protection and chemicals, remove the lead paint, or simply seal the area off to prevent dust contamination. As always, ensure workers are outfitted with proper safety equipment to mitigate any instances of possible exposure.

For questions or concerns regarding this, contact the Claims/Risk Manager or the Office of Building, Construction, and Real Estate.

Diocese of Madison

Guide to Priest Compensation

Priests are self-employed for Social Security tax purposes which means a parish will not withhold and match FICA (Social Security and Medicare) tax as it would for a lay employee. The self-employed priest must pay the equivalent of both sides of the FICA tax himself. To achieve some parity, the Diocese of Madison pays their priests a $1,800 Social Security supplement to "cover" a portion of the FICA tax.

Housing is income-tax free. Housing can take the form of a rectory provided by the parish or may be in the form of a cash allowance. However, the value of housing is added to other earnings when computing self-employment tax.

Priests should receive an IRS Form W-2 from his residence parish reporting his taxable income, which includes salary, stipends, Social Security supplement, and the meal, car and education allowance. See below regarding accountable reimbursement plans. **(Exception to Form W-2 – Religious Society Priests - please contact the Department of Parish Administrative Services for these exceptional cases).**

IRS audits are more likely when a parish reports priest income on IRS Form 1099. The Small Business Job Protection Bill of 1996 protects those who change their filing from IRS Form 1099 to IRS Form W-2 by prohibiting IRS agents from implicating the treatment of employment status in previous years based on the current year practice.

Allowances such as meal, car, and continuing education are taxable, unless these allowances are re-characterized as reimbursements. For the preceding allowances to be characterized as reimbursements, a priest would need to provide proper substantiation with receipts showing a ministry-related or business connection. These types of reimbursements are tax-free payments. This is called an accountable plan.

Gifts given by "love and affection" are tax-free; however, gifts received as a result of a service performed, such as Mass stipends or stole fees for a wedding, funeral or baptism, are taxable and included in gross income.

Mass Stipends received are taxable; Canon Law prohibits the receipt of more than one stipend per day per priest; stipends for additional Masses celebrated by a priest on a single day (i.e., "bination" stipends) are to be sent to the St. Raphael Society Clergy Retirement Fund per the directive of the diocesan bishop.

Congress has exempted priests from the provisions of tax withholding; however, priests should pay quarterly estimates to avoid interest and penalty assessments if their tax liability is more than $1,000 a year. **Priests have the option to request payroll tax withholding (for federal and state) by filling out IRS Form W-4 and Wisconsin Form WT-4. Requesting payroll withholding relieves priests from making quarterly estimates, but the amount withheld needs to provide for the total tax liability (i.e., both income tax and the Self-Employment tax related to Social Security).**

In 2017, the standard deduction for single taxpayers under the age of 65 was $6,350. The standard deduction covers the following categories of personal deductions: (found on Schedule A).

1. Medical and dental expenses exceeding 7.5% of Adjusted Gross Income (AGI)
2. State income tax or sales taxes paid
3. Home mortgage interest
4. Real estate (and personal property) taxes
5. Charitable contributions
6. Casualty losses in excess of 10% of AGI
7. Unreimbursed business expenses in excess of 2% of AGI
8. Personal business expenses in excess of 2% of AGI
9. Other miscellaneous deductions

A priest has a choice of taking the standard deduction or itemizing by filing Schedule A with his personal income taxes. Priests often find their personal deductions (listed above) less than the standard deduction.

The Deason Rule applies to priests who take deductions for unreimbursed business expenses on their tax return. The Deason Rule, based on Code Section 265, states that a priest receiving tax-exempt income (housing allowance) can only deduct unreimbursed business expenses in proportion with his taxable income. For example, a priest who receives $20,000 in gross taxable income and has an additional housing allowance valued at $10,000 can only deduct two-thirds of his unreimbursed business expenses. Knowing this, it is better to report business expenses to the parish with an accountable reimbursement plan, where you receive a dollar for dollar credit, versus reporting to the IRS and receiving a partial deduction.

Diocese of Madison

Additions to Sacramental Recordkeeping

On November 18, 1998, the Latin Rite *de iure* members of the National Conference of Catholic Bishops approved complementary legislation for canon 877, §3 of the Code of Canon Law for the Latin Rite dioceses of the United States.

The action was granted *recognitio* by the Congregation for Bishops in accord with article 82 of the Apostolic Constitution Pastor Bonus and issued by decree of the Congregation for Bishops signed by His Excellency Most Reverend Giovanni Battista Re, Prefect, and His Excellency Most Reverend Franciscus Monterisi, Secretary, and dated September 30, 2000.

Complementary Norm: The National Conference of Catholic Bishops, in accord with the prescriptions of canon 877, §3, hereby decrees that:

1. For children baptized after their adoption is finalized, the following information shall be entered in the register:
    a. the Christian name(s) of the child as designated by the adoptive parent(s);
    b. the name(s) of the adoptive parent(s);
    c. the date and place of birth;
    d. the names of the sponsors selected by the adoptive parent(s);
    e. the place and date of the baptism;
    f. the name of the minister performing the baptism; and
    g. the fact of adoption but not the names of the natural parents.
2. Baptismal certificates issued by the parish for adopted children will be no different from other baptismal certificates. No mention of the fact of adoption shall be made on the baptismal certificate.
3. For children baptized before their adoption is finalized, the following notations shall be added to the baptismal register, but only after the adoption has been finalized and with due regard for the civil law of the jurisdiction:
    a. parentheses shall be placed around the names of the natural parents;
    b. the name(s) of the adoptive parent(s) shall then be added;
    c. the child's former surname shall also be parenthesized and the new surname added; and
    d. a notation shall be made that the child was legally adopted.

Baptismal certificates issued by the parish for these individuals shall give only the name(s) of the adoptive parent(s), the child's new legal surname, the date and place of baptism, and the name of the minister who conferred the sacrament. The name(s) of the sponsor(s) shall not be given, and no mention of the fact of adoption shall be made on the baptismal certificate.

For future ease in reference, and to afford what may often be the only possibility of reference after the adoption has been finalized, a baptismal entry for the adopted child can be made in the baptismal register of the adoptive parents' parish, citing the date and location of the original baptismal record, and listing only the name of the adoptive parents, and the date and place of birth.

Parish personnel having access to parish registers have an obligation not to disclose to any person any information which would identify or reveal, directly or indirectly, the fact that a person was adopted.

As President of the National Conference of Catholic Bishops, I hereby decree that the effective date of this decree for all the Latin Rite dioceses in the United States will be December 1, 2000.
Given at the offices of the National Conference of Catholic Bishops in Washington, DC, on October 20, 2000.

Most Reverend Joseph A. Fiorenza
Bishop of Galveston-Houston
President, NCCB

Reverend Monsignor Dennis M. Schnurr
General Secretary

Sample Baptismal Register Pages included below.

SAMPLE BAPTISM REGISTER ENTRIES

1 STANDARD ENTRY
2 PARENTHESES ADDED PER USCCB NORM
3 UNMARRIED PARENTS NO FATHER NOTED
4 MINOR CHANGE "TRANSCRIPTION"
5 DATE OF BAPTISM
6 RECEPTION INTO FULL COMMUNION, PROPER BAPTISM DATE
7 UNMARRIED PARENTS FATHER ATTESTED AND DOCUMENTED
8 PROXY GODPARENT
9 EXCESS DATA
10 MAJOR CHANGE NEW ENTRY
11 NOTATION OF MARRIAGE
12 NOTATION OF CONFIRMATION
13 MAJOR CHANGE, TERMINATION OF THE ORIGINAL ENTRY
14 RITE OF BRINGING A BAPTIZED CHILD TO THE CHURCH; BAPTIZED IN DANGER OF DEATH
15 BAPTIZED (INFANT) CHILD RECEIVED INTO FULL COMMUNION VIA PARENT'S PROFESSION
16 ASCRIPTION TO AN EASTERN CATHOLIC CHURCH
17 CHRISTIAN WITNESS
18 RECEPTION INTO FULL COMMUNION, NOTATION OF PREVIOUS BAPTISM AND MARRIAGE
19 CONFIDENTIAL DATA NOT TO BE INCLUDED ON CERTIFICATES

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NO.	NAME OF PERSON BAPTIZED	PLACE AND DATE OF BIRTH	DATE OF BAPTISM	FATHER'S NAME MOTHER'S MAIDEN NAME	SPONSORS	PRIEST/DEACON	DATE AND PLACE OF CONFIRMATION	NOTATIONS / REMARKS
25	JOHNSON Ronald Michael	Pittsburgh, PA 18-Dec-1969	5-Jan 1970	Jerry Johnson Cheryl Watson	Denk Mantel Anita Marabelli	Deacon Joe Organix	13-Apr-1986 Holy Spirit, Pittsburgh	Married Gabriela Mayes 28-Jun-1977, St. Kevin, Peters Twp, PA
26	(KASS) Catherine Ann	Pittsburgh, PA 27-Nov-1969	9-Jan 1970	——— (Margaret Kass)	John Paul Kass Josephine Kass	Rev. Mark Eckman		DO NOT ISSUE CERTIFICATE FROM THIS RECORD (see McDonald, pg 45)
27	KIESWETTER Linda ~~Mary~~ Marie	Washington, PA 3-Sep-1960	15-Jan 1970	Daniel Kieswetter Christine Larson	Brock Larson Lisa Larson	Rev. Mark Eckman	15-Jan-1970 Holy Spirit, Pittsburgh	Conditional baptism; baptized at home by grandmother's testimony; unmarried parents
28	FLAYHAN Jeannie Marie	Pittsburgh, PA 2-Feb-1969	16-Jan 1970	Paul Flayhan (Maronite) Jean French	Steve Flayhan Stacy Flayhan (Christian witness)	Deacon Joe Organix	13-Apr-1986 Holy Spirit, Pittsburgh	Ascribed to Maronite Church, married David Johnson 6-Apr-2004; elected to transfer rite to Latin
29	CHRISTOPHERSON Katie Anne	Milwakee, WI 2-Mar-1942	5-Apr 1942	(guardians) John Christopherson Helen Burnett	none noted	Pastor Hank Thomas	21-Jan-1970 Holy Spirit, Pittsburgh	Received into full communion 21-Jan-1970; baptized at First Presbyterian, Butler, PA 5-Apr-1942; married 28-Jun-1966 to Bob Jones
30	STEVENS Robert Anthony	Washington, PA 2-Jul-1965	21-Jan 1970	Daniel Pompi Renee Stevens	Justin Pompi Lou Stevens (proxy) Dana Stevens	Rev. Mark Eckman		CONFIDENTIAL DO NOT INCLUDE ON CERTIFICATE; parents unmarried, father attested to paternity
(27 continued)	KIESWETTER							Married Richard O'Malley 3-Sep-1980, Holy Spirit, Pittsburgh, PA; Fr. Smith (delegated); declaration of nullity,
	" "							Pittsburgh, PA, PN 1985-1243; married Peter David 1-Sep-1988, United Methodist, Pittsburgh, PA (records at Nativity)

Baptism Register — 45

NO.	NAME OF PERSON BAPTIZED	PLACE AND DATE OF BIRTH	DATE OF BAPTISM	FATHER'S NAME MOTHER'S MAIDEN NAME	SPONSORS	PRIEST/DEACON	DATE AND PLACE OF CONFIRMATION	NOTATIONS / REMARKS
61	McDONALD Catherine Ann	Pittsburgh, PA 27-Nov-1969	9-Jan 1970	Robert McDonald Jedwiga Krzywiecz	(SEE NOTATION) John Paul Kass Josephine Kass	Rev. Mark Eckman	29-Apr-1986	See Kass, pg 43; legally adopted and name changed 2-Feb-1972, Allegheny Co.; NO MENTION OF ADOPTION OR SPONSORS IS TO BE MADE ON FUTURE
	" "							CERTIFICATES; married Henry Johnson 17-Jun-1993, Grace Lutheran Church, Wahpeton, ND, convalidated 17-Jun-1997, St. Paul Cathedral, Pittsburgh, PA

20 EASTERN ELECTS TO TRANSFER RITE TO LATIN
21 SACRAMENTAL RECORDS FILE HOLDS RELATED DOCUMENTATION
22 PRIEST DELEGATED TO WITNESS A WEDDING
23 NOTATION OF ANNULMENT (DECLARATION OF NULLITY)
24 TRIBUNAL PROTOCOL NUMBER
25 NOTATION OF THE PLACE OF MARRIAGE AND THE PLACE OF RECORD, WHEN DIFFERENT
26 CROSS-REFERENCING OF ENTRY
27 ASCRIPTION TO A LATIN CATHOLIC CHURCH BECAUSE OF ADOPTION; BY LATIN RITE PARENTS
28 NOTATION CONCERNING SEXUAL REASSIGNMENT DUE TO CONGENITAL INTERSEX CONDITION
29 NOTATION CONCERNING SEXUAL REASSIGNMENT DUE TO GENDER IDENTITY DISORDER (GID)
30 ASCRIBED TO AN EASTERN CATHOLIC CHURCH VIA MARRIAGE CERTIFICATES
31 NOTATION FOR A CHILD ADOPTED BEFORE BAPTISM
32 BISHOP AUTHORIZED A SUBSTITUTE OF SPONSORS

NOTE: WHILE IT IS NOT REFLECTED IN THE ABOVE SAMPLES, IT IS ENCOURAGED WHEN MAKING ENTRIES TO SKIP A FULL ENTRY LINE TO ALLOW ADEQUATE SPACE FOR FUTURE NOTATIONS/REMARKS.

Following the 2016 revision of the code of canon law, ritual ascription should always be recorded at the time of baptism, even for ascription to the Latin Church.

1 STANDARD ENTRY

2 PARENTHESES ADDED PER USCCB NORM

3 UNMARRIED PARENTS NO FATHER NOTED

4 MINOR CHANGE "TRANSCRIPTION"

5 DATE OF BAPTISM

6 RECEPTION INTO FULL COMMUNION, PROPER BAPTISM DATE

7 UNMARRIED PARENTS FATHER ATTESTED AND DOCUMENTED

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NO.	NAME OF PERSON BAPTIZED	PLACE AND DATE OF BIRTH	DATE OF BAPTISM	FATHER'S NAME MOTHER'S MAIDEN NAME	SPONSORS	PRIEST/DEACON	DATE AND PLACE OF CONFIRMATION	NOTATIONS / REMARKS
34	LAUR Mason John	Peters Twp, PA 18-Dec-1969	25-Jan 1970	Brian Laur Jennifer Barnes	Tom Hay Kathy Hay	Rev. Mark Eckman	14-Apr-1985 Resurrection	Substitute sponsors with Joe and Sylvia Glover; Bishop provided authorization of petition
35	DRAVES Nicholas Michael	Pittsburgh, PA 2-Oct-1967	15-Oct 1967	Michael Draves	Roman Kozak Maria Kozak	Rev. Constantine Sevchuk	15-Oct-1967 St. Nicholas Ukran. Orth.	Originally baptized Ukranian Orthodox but ascribed to Latin Church now that adoption is finalized
36	PIRATEFANN Ida Penelope	Pittsburgh, PA 2-Feb-2002	2-Feb 2002	Adam Piratefann Eve Steelersick	Abraham Gopens Sarah Gopens	Rev. John Burgher, Chaplain	2-Feb-2002 Mercy Hosp, Pittsburgh	Baptized in danger of death; ceremony supplied by Rev. Solanus Gottschalk on 2-Apr-2002
37	GNEWUCH Patrick John	Pittsburgh, PA 5-May-1969	26-Jan 1970	Jay Gnewuch Sabina Povich	Tim O'Keeffe Amanda O'Keefe	Rev. Solanus Gottschalk		Sexual reassignment has occured due to congenital intersex condition; now to be referred to as "Patricia Maria Gnewuch"
38	NEUMANN Rhett James	Pittsburgh, PA 3-Jun-1969	27-Jan 1970	David Neumann Elaine Ronkowvitz	Steve O'Toole Claire Nuemann	Deacon Joe Organix	4-Apr-1986 Holy Spirit, Pittsburgh	Married Gladys Miller (Ukranian Catholic) 6-Jun-1993; ascribed to Ukranian Catholic Church
39	MILLER Paul Daniel	Pittsburgh, PA 8-Aug-1969	27-Jan 1970	Pat Miller Daphnie Stevens	Tony Mack Stacy Mack	Rev. Solanus Gottschalk	4-Apr-1986 Holy Spirit, Pittsburgh	Sexual reassignment has occurred due to gender identity disorder (GID); per birth certificate, now refers to himself as "Christine Diane Miller"
40	ERICKSON Lois Ann	Peters Twp, PA 7-Jul-68	28-Jan 1970	John Erickson Rosalita Jimenez	Jim Erickson Rosario Jimenez- Erickson	Rev. Solanus Gottschalk	14-Apr-86 Holy Spirit, Pittsburgh	Adopted on 20-Dec-1969; NO MENTION OF ADOPTION IS TO BE MADE ON FUTURE CERTIFICATES
41	JOHNSON Elaine Ann	St. Louis, MO 9-Mar-1948	9-Sep 1948	Joe Johnson Mary Anne Clifton	Tony Johnson Kathleen Johnson	Rev. Solanus Gottschalk	15-Apr-1970 Holy Spirit, Pittsburgh	Received into full communion on 15-Apr-1970; baptized at St. David's Episcopal Church, St. Louis, MO; married Thomas Goldberg, Jewish
42	JOHNSON Kimberlee Marie	Peters Twp, PA 21-Apr-65	11-Dec 1965	Thomas Goldberg Elaine Johnson	George Smith Carrie Smith	Rev. Solanus Gottschalk	4-Apr-1970 Holy Spirit, Pittsburgh	Received into full communion on 15-Apr-1970 via her mother's profession of faith; baptized First Episcopal Church, Peters Twp, PA

20 EASTERN ELECTS TO TRANSFER RITE TO LATIN

21 SACRAMENTAL RECORDS FILE HOLDS RELATED DOCUMENTATION

22 PRIEST DELEGATED TO WITNESS A WEDDING

23 NOTATION OF ANNULMENT (DECLARATION OF NULLITY)

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32 BISHOP AUTHORIZED A SUBSTITUTE OF SPONSORS

Instruction Regarding the Creation and Restructuring of Parish Endowments and Cemetery Perpetual Care Funds

Pastors and other administrators of ecclesiastical goods, as stewards of the gifts of God mediated through the generosity of the Christian faithful, have a solemn obligation to protect those goods, to invest them responsibly, and to ensure that their use is consistent with the intentions of donors. Endowments and cemetery perpetual care funds can be excellent means of fulfilling those obligations, but only if they are structured prudently and in conformity with canon and civil law.

Therefore, in order to ensure that such funds are structured in a way that achieves conformity with canon and civil law, optimizes the protection of the assets, safeguards the intent of donors, and ensures a certain uniformity with the structure of other funds within the diocese, now, after having consulted with the Diocesan Finance Council and the Presbyteral Council, I hereby give this binding instruction to pastors and other administrators of parochial goods in the Diocese of Madison.

1. For parishes whose own approved canonical statutes do not define the limits of ordinary administration, the act of creating a new endowment or cemetery perpetual care fund and the act of restructuring an existing endowment or cemetery perpetual care fund are hereby defined as acts of extraordinary administration. At present, this definition applies to all parishes in the diocese, since no parishes currently have canonical statutes that define the limits of ordinary administration.

2. Accordingly, the prior written faculty of the diocesan bishop is required for the creation of a new endowment or cemetery perpetual care fund, or for the restructuring of an existing endowment, or cemetery perpetual care fund.

3. Pastors of parishes with existing endowments or cemetery perpetual care funds are strongly urged to restructure these endowments to bring them in line with the values mentioned above.

4. Before creating or restructuring an endowment, pastors are strongly encouraged to consider, in consultation with their finance councils, whether the fund in question should be managed by The Catholic Diocese of Madison Foundation, Inc. It is not foreseen that cemetery perpetual care funds would be managed by The Catholic Diocese of Madison Foundation, Inc.

5. Pastors who elect to create or restructure an endowment outside of The Catholic Diocese of Madison Foundation, Inc., as well as any pastors who create or restructure a cemetery perpetual care fund, are required to use the agreement templates provided for them by the

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Diocese of Madison • 702 S. High Point Road • Suite 225 • Madison, WI 53719
Phone: 608-821-3002 • Fax: 608-821-4552 • Email: OfficeofBishop@madisondiocese.org

Office of Finance. For a just cause, and with the approval of the diocesan finance officer or his delegate, the template may be modified. Such modifications are normally to be made in the form of a derogating addendum or appendix, with the original text of the template left unaltered.

6. What is said in this instruction with respect to endowments and cemetery perpetual care funds applies in full to any endowment, foundation, trust, perpetual care fund, or similar arrangement under which money and/or property has been contributed to support a parish or any of its programs or services, including a parish school, whether part of the parish civil corporation or separately incorporated. To ensure that the arrangement accomplishes its intended purpose and conforms to current canon and civil law, the documentation creating the arrangement should be submitted to the Office of Finance, which will review the arrangement and determine whether it is satisfactory or whether it should be restructured as described in this instruction. Any doubts as to whether a given fund falls under the provisions of this instruction should be resolved by the local ordinary.

Given at Madison this 26th day of October, in the year of our Lord 2017, to take effect immediately.

+ Robert C. Morlino
Most Rev. Robert C. Morlino
Bishop of Madison

William D. Yallaly
William D. Yallaly
Chancellor

_____ CONGREGATION ENDOWMENT FUND
(OLD ENDOWMENT)

By this Trust Agreement (this "Agreement"), effective _____, 20____, the Board of Directors of the _____ Congregation (the "Congregation"), a civil corporation pursuant to Wisconsin Statutes § 187.19, amends and restates the provisions of the declaration, agreement, or other arrangement ("Prior Arrangement") which established the _____ Congregation Endowment Fund (the "Fund") originally effective _____, _____.

WHEREAS, the Prior Arrangement created the Fund for the purpose of _____; and

WHEREAS, the Board of Directors has determined that the money and/or property in the Fund would be better held pursuant to the provisions of this Agreement, separate from The Catholic Diocese of Madison Foundation, Inc.; and

WHEREAS, any provisions of the Prior Arrangement that are to supersede any contrary provisions of this Agreement are set forth in an addendum ("Addendum") attached to this Agreement (i.e., the lack of any Addendum means that the Prior Arrangement is completely superseded by this Agreement);

NOW, therefore, the Board of Directors confirms the existence of the Fund as an irrevocable trust, with the members of the Board of Directors serving as trustees ("Trustees"), holding, investing, and administering the money and property contributed to the Fund pursuant to the following terms and provisions as modified by any Addendum:

ARTICLE I. Name of Trust Fund

The name of this trust Fund (either as originally named or as renamed in this Agreement) shall hereinafter be _____ Congregation Endowment Fund. The Trustees shall conduct the activities of the Fund in that name.

ARTICLE II. Purposes of Trust Fund

The purposes for which this trust Fund is amended and restated are the following

A. **Support of Congregation.** To support and assist the Congregation in its mission by providing supplemental funding of programs and services.

B. **Additional Support.** To provide additional support to the Congregation for its operation, maintenance, capital requirements, and continued existence.

C. **Tax-Exempt Purposes.** To operate exclusively for religious, charitable, or educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

D. **Receipt of Contributions.** To receive any real property or tangible or intangible personal property, including money, by gift, grant, devise, or bequest from any individual, foundation,

corporation, either private or public, or governmental instrumentality for the purpose or purposes set forth herein and to administer such property for such purpose or purposes.

E. **Diocesan Policies.** To carry out the work of the Fund in accordance with the policies and guidelines established by the Bishop for the Diocese of Madison and the Congregation.

ARTICLE III. Additions to the Trust Fund

The Trustees may receive and accept, as an addition to the trust Fund, any property whether real, personal, or mixed, by way of gift, bequest, or devise, from any person, firm, trust, or corporation for the purposes of the Fund as specified in Article II hereof, to be held, administered, and disposed of in accordance with and pursuant to the provisions of this Agreement, but no gift, bequest, or devise of any such property shall be received and accepted if it is conditioned or limited in such a manner (1) as to require the disposition of the income or its principal to any person or organization for other than "charitable, religious or educational purposes" as specified in Article II of this Agreement, or (2) as shall, in the opinion of the Trustees, jeopardize the federal income tax exemption of the Fund pursuant to section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue Law.

ARTICLE IV. Administration of the Trust Fund

A. **Investment of Trust Fund.** The Trustees shall hold the Fund and its assets and may, in their sole discretion, invest it or parts of it in securities, real estate, or other investments which are permitted under the laws of the State of Wisconsin and pursuant to the Canon Law of the Roman Catholic Church. All investments shall be made in accordance with the investment guidelines promulgated by the Bishop for the Diocese of Madison or, in the absence of diocesan guidelines, in accordance with guidelines adopted by the Advisory Board. The Fund may be divided into sub-funds or sub-accounts.

B. **Ascertainment of Principal and Income.** All property, real and personal, of whatever kind or nature, received and accepted by the Trustees, shall be held and administered by the Trustees to permit the ascertainment of principal and income of the Trust and the apportionment of receipts and expenses in accordance with the provisions of section 701.20, Wisconsin Statutes, or the corresponding provision of any future Wisconsin Statute, to the extent not inconsistent with the provisions of this Agreement. The Trustees shall, in their sole discretion, retain the cash and collect the income, and they shall from time to time, and in such manner as they deem proper in their sole discretion, devote and apply the principal of the Fund or the income thereof exclusively to the uses and purposes set forth in this Agreement.

C. **Annual Distributions.** To the extent not inconsistent with any Addendum, the Trustees shall make annual distributions from the Fund consistent with the then-current diocesan spending policy based on the fair market value of the Fund assets determined on the last business day of the preceding calendar year, and in the proportions of the component sub-funds of the Fund on the last business day of the preceding calendar year. The total annual distribution may be made on a cumulative basis throughout the calendar year. At the time of this Agreement, the Trustees intend that such distributions not exceed five-percent of the Fund value based on a twelve-quarter rolling average of the corpus or principal balance of the Fund.

D. **Extraordinary Distributions.** Additionally, by a unanimous decision of the Trustees, up to ten percent of the fair market value of the Fund (expressed as an average of the fair market

value of the assets of the Fund on the last business day of the preceding twelve calendar quarters) may be used in any calendar year to meet an emergency need for funds for the purposes of the Congregation. Notwithstanding the foregoing, in matters of extreme circumstance, the Trustees may in their sole and absolute discretion, by a unanimous decision, make a hardship distribution in excess of such ten percent limit. Any distribution under this Paragraph may exceed ten percent of the fair market value of any component sub fund. Following an extraordinary distribution of any amount, no further use of the principal shall be permitted, except as necessary to make the annual distribution described in Article IV, Paragraph C, until the amount withdrawn extraordinarily has been replaced through other gifts or deposits to the Fund or through investment growth of the Fund. Any distributions under this Paragraph are additionally subject to the restrictions in Article V, Paragraph A.

ARTICLE V. Restrictions on Use of the Trust Fund

A. **Unusual Distributions of Principal.** The principal of the Fund, beyond the usual annual distribution amounts, may be distributed only in unusual and critical circumstances as determined by a unanimous decision of the Trustees to the extent not inconsistent with any Addendum. Any decision to distribute more than ten percent of the principal of the Fund in any given year shall require formal consultation between the Trustees and the Advisory Board.

B. **Designated-Purpose Donations.** If a donor (whether an individual, foundation, corporation, either public or private, or governmental instrumentality) designates at the time of donation that the donated funds or property be used for a specific purpose that is consistent with one or more of the purposes specified in Article II hereof, and if the Trustees accept the donation, then the Trustees will use the principal and/or income from the donated funds only for the use and to the extent designated by the donor. In such cases, the Trustees shall render a separate accounting for such funds or property, but for purposes of investment, such funds or property may be combined with other assets of the trust Fund.

C. **Termination of Fund.** Any decision to terminate the Fund shall require formal consultation between the Trustees, the Advisory Board, and the Parish Finance Council, and shall be subject to the approval of the Bishop of Madison (or, if he is unavailable, the apostolic administrator or the diocesan administration). If the entire principal of the Fund is expended, then the Fund shall be deemed terminated.

D. **No Private Inurement.** No part of the net earnings of the Trust shall inure or be payable to or for the benefit of any private individual (such as the Trustees or the members of the Advisory Board), except that reasonable compensation may be paid for services rendered to or for the Fund in the furtherance of its purposes and for reasonable and necessary expenses incurred in connection with the administration of the Fund.

E. **No Lobbying or Political Activity.** No substantial part of the activities of the Trust shall be the carrying on of propaganda, or otherwise attempting, to influence legislation. No part of the activities of the Trust shall be the participation in, or intervention in (including the publishing or distributing of statements for) any political campaign on behalf of (or in opposition to) any candidate for public office.

F. **Tax-Exempt Activities.** Notwithstanding any other provisions of this Agreement, the Trustees shall neither have nor exercise any power, nor shall they engage, directly or indirectly, in any

activities not permitted to be conducted or carried on by an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, or the corresponding provisions of any future United States Internal Revenue Law, or by any organization, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986, or the corresponding provisions of any future United States Internal Revenue Law.

ARTICLE VI. Trustees and Meetings

A. **Trustees.** The Trustees shall be the five individuals who are on the Board of Directors of the Congregation, namely, the Bishop of Madison (or his equivalent in Canon Law), the Vicar General of the Diocese of Madison, the Pastor of the Congregation, and the two laypersons of the Congregation who are on the Board of Directors of the Congregation.

B. **Matters of Ordinary Administration.** In matters of ordinary administration of the Fund, because the Pastor of the Congregation may generally exercise the proxy of the Bishop of Madison (or his equivalent in Canon Law), an action or decision of the Trustees need be made only by the Pastor of the Congregation.

C. **Other Matters.** Except as otherwise provided herein, the Trustees shall act by a vote of a majority of their number at any given time.

D. **Execution of Instruments.** Any instrument required to be executed by the Fund shall be valid if executed in the name of the Fund by the Pastor of the Congregation.

E. **Meetings.** The Trustees shall normally meet at least once each year. Meetings shall be called and chaired by the Bishop of Madison or, if he is unavailable, by the Vicar General of the Diocese of Madison or, if he is unavailable, by the Pastor of the Congregation. Any or all Trustees may participate in a meeting through the use of any means of communication by which all participating Trustees may simultaneously hear or read each other's communications during the meeting.

F. **Notice of Meetings.** At least ten days before any meeting of the Trustees, each Trustee shall be provided with a written notice of the meeting and the business to be transacted at the meeting. Any Trustee may waive in writing the receipt of such notice. Any Trustee who participates in a meeting shall be deemed to have received timely notice of the meeting.

G. **Trustee Compensation and Expenses.** Trustees shall serve without compensation but may be reimbursed from the Fund for all expenses reasonably incurred in the administration of the Fund or the exercise of their duties as Trustees.

ARTICLE VII. Advisory Board

The Trustees shall have a Fund advisory board ("Advisory Board") consisting of individuals who shall be appointed (and may be removed) by a majority vote of the Trustees. The Advisory Board shall advise the Trustees in matters relating to the Fund. The Advisory Board shall be subject to the following:

A. **Composition and Number of Members.** The Advisory Board shall have no less than four and no more than eight members. A majority of the members of the Advisory Board shall be members of the Congregation. For example, if the Advisory Board were to have four members,

then at least three shall be members of the Congregation. At least one member shall be selected from the Parish Pastoral Council (if that body exists in the parish) and at least one member shall be selected from the Parish Finance Council.

B. **Terms of Office.** The terms of office of the initial members of the Advisory Board shall be staggered terms so that approximately half of the initial terms are three years and approximately half are two years. Thereafter, a term of office shall be three years. Members of the Advisory Board may serve no more than two successive terms, but they may be eligible for reappointment to the Board after an absence of one year.

C. **Vacancies.** In the case of any vacancy on the Advisory Board by death, resignation, disqualification, removal, or other cause deemed sufficient by the Trustees, a successor shall be appointed (by majority vote of the Trustees) to hold office for the unexpired portion of the term.

D. **Budgets and Expenditures.** The Advisory Board shall propose an annual budget for the operation of the Fund and shall recommend the proposed budget to the Trustees, who shall have final authority to adopt or modify the budget. Unbudgeted expenditures must normally have the consent of the majority of the Advisory Board members, unless the Trustees determine otherwise.

E. **Advisory Board Compensation and Expenses.** Members of the Advisory Board shall serve without compensation but may be reimbursed from the Fund for all expenses reasonable incurred in the administration of the Fund.

ARTICLE VIII. Powers of Trustees

A. **Powers.** The Trustees shall have all powers granted by governing law and all powers to invest the Trust Fund in accordance with the investment guidelines promulgated for the Diocese of Madison. The Trustees shall also have the following powers, exercisable in the discretion of the Trustees:

1. To invest and reinvest the principal and income of the Trust as permitted under the laws of the State of Wisconsin in such property, real, personal or mixed, and in such manner as they shall deem proper.
2. To change investments from time to time as they shall deem advisable.
3. To invest in or retain any stocks, shares, bonds, notes, obligations, or personal or real property, including without limitation any interests in or obligations of any corporation, partnership, association, business trust, investment trust, common trust fund, or investment company (although some or all of the property so acquired or retained is of a kind or size which but for this express authority would not be considered property).
4. To sell, lease, or exchange any personal, mixed, or real property at public auction or by private contract, for such consideration and on such terms as to credit or otherwise, and to make such contracts and enter into such undertakings relating to the trust property, as the Trustees consider advisable, whether or not such leases or contracts may extend beyond the duration of the Trust, without prejudice to the provisions of the Canon Law of the Catholic Church regarding the alienation of patrimony and related transactions.
5. To borrow money for such periods, at such rates of interest, and upon such terms as the Trustees consider advisable, and as security for such loans to mortgage or pledge any real

or personal property with or without power of sale; to acquire or hold any real or personal property, subject to any mortgage or pledge on or of property acquired or held by the Trust.

6. To execute and deliver deeds, assignments, transfers, mortgages, pledges, leases, covenants, contracts, releases, promissory notes, and other instruments, sealed or unsealed, incident to any transaction in which the Trustees engage.
7. To vote, give proxies, participate in the reorganization, merger or consolidation of any concern, or in the sale, lease, disposition, or distribution of its assets; to join with other security holders in acting through a committee, voting trustees, depositary or otherwise, and in this connection to delegate authority to such committee, depositary or trustees and to deposit securities with them or transfer securities to them, to pay assessments levied on securities or to exercise subscription rights in respect of securities.
8. To employ a bond or trust company as custodian of any funds or securities and to delegate to it such powers as the Trustees deem appropriate; to hold trust property without indication of fiduciary capacity but only in the name of a registered nominee, provided the trust property is at all times identified as such on the books of the Trust; to keep any or all of the trust property or funds in any place or places in the United States of America; to employ clerks, accountants, investment counsel, attorneys, agents and any special services, and to pay the reasonable compensation and expenses of all such services.

B. **Fiduciary Capacity.** The Trustees may exercise the powers under this Agreement solely in their fiduciary capacity consistent with and in furtherance of the purposes of the Trust, as specified in Article II hereof, and not otherwise. The Trustees shall act in good faith and exercise reasonable care and diligence in carrying out the purposes of the trust Fund.

C. **Engagement of Third Parties.** The Trustees may, in their discretion, engage investment advisors or other third parties as to any matters relating to investment, reinvestment, or distribution of assets in the Fund. The Trustees shall at all times have ultimate authority and power over investments, reinvestments, and the distribution of funds.

D. **Establishment of Policies.** The Trustees may establish policies and rules for the administration of the Fund. Any such policies or rules must be in accordance with policies and guidelines established for the Diocese of Madison and with the Canon Law of the Roman Catholic Church.

E. **Refusal of Contributions.** The Trustees may reject or refuse to accept any contributions or donations made to the Fund.

F. **Conflict of Interest.** Any Trustee that might have a conflict between personal and fiduciary interests shall report the possible conflict to the other Trustees.

G. **Exculpation.** The Trustees shall not, in the absence of bad faith, willful misconduct, or reckless indifference to the purposes of the trust, be liable for (or accountable for) errors of judgment in connection with the trust Fund.

H. **Socially Responsible Investing**. The Trustees are urged, but in no way bound, to adhere to the guidelines for socially responsible investing as set forth by the United States Conference of Catholic Bishop, especially in the 2003 document entitled “Socially Responsible Investment Guidelines” and in any similar documents that may be published by that Conference from time to time.

ARTICLE IX. Accounting

A. **Fiscal Year.** The fiscal year of the Fund shall be from July 1 through June 30 of each year.

B. **Statement of Receipts and Disbursements.** The Trustees shall prepare a statement of Fund receipts and disbursements for each fiscal year. Within two months after the end of each fiscal year, the Trustees shall provide the statement for that year to the Finance Officer of the Diocese of Madison and the Advisory Board.

C. **No Annual Report to IRS.** Because the Fund is operated, supervised, or controlled by or in connection with a religious organization described in section 501(c)(3) of the Internal Revenue Code, the Fund is exempt under current law from filing an annual report (Form 990) to the Internal Revenue Service as provided by section 6033(a)(3)(iv).

ARTICLE X. Nonalienation of Funds

No individual, foundation, corporation, either public or private, whether classifiable as donor or donee, or anyone claiming by or through them, or any other person, foundation, corporation, either public or private, shall have any right, title, or interest in or to the trust Fund or any part thereof. Title to all of the money, property, and income paid into or acquired by or according to the trust Fund shall be vested in and remain exclusively in the name of the Trustees. This Fund shall be immobilized (reserved for a specific purpose) pursuant to the Canon Law of the Roman Catholic Church. No benefits or monies payable from the Fund shall be subject in any matter to anticipation, alienation, sale, transfer, assignment, encumbrance, pledge, or charge by anyone other than the Trustees in conformance with this Agreement. Any attempt by anyone other than the Trustees, in conformance with this Agreement, to so anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the benefits or monies payable from the Fund shall be void.

ARTICLE XI. Amendment of Trust Instrument

This Agreement and the trust Fund are irrevocable and may not be terminated, in whole or in part, except as provided in this Agreement.

A. **Written Amendments.** This Agreement may be amended at any time by a written instrument signed and acknowledged by all the Trustees. Nonetheless, no amendment shall authorize the Trustees to conduct the affairs of the trust Fund in any manner or for any purpose contrary to the purposes of the Trust as specified in Article II of this Agreement or any applicable provision of the United States Internal Revenue Code (current or future versions) or any provision of the Canon Law of the Catholic Church (current or future versions) or any policy of the Diocese of Madison, or to cause the principal of the trust Fund to be invaded or reduced contrary to the provisions and intent of this Agreement. All instruments amending this Agreement shall be noted upon or kept attached to the executed original of this Agreement held by the Trustees.

B. **Technical Amendments to Conform to Actions.** Any action taken or authorized by the Trustees which would be inconsistent with this Agreement, other than an action which is not permitted by Article V, this Article XI, or any provisions of governing law, or which is inconsistent with the purposes specified in Article II hereof, but which is taken or authorized by the affirmative vote of the majority of the Trustees, shall be given the same effect as though this instrument had been temporarily amended or suspended so far, but only so far, as is

necessary to permit the specific action so taken or authorized. The power and authority provided for by this Paragraph B of Article XI is, however, only to authorize technical amendments to this Agreement for the purpose of ensuring that the Agreement conforms to the governing law, particularly applicable tax law.

ARTICLE XII. Termination of the Trust Fund

If the Congregation is divided, merged, suppressed, or otherwise substantially altered as provided in the Canon Law of the Catholic Church (with or without a corresponding alteration or dissolution of the civil entity under which the Congregation is incorporated), the Trustees shall distribute the trust Fund in a manner determined by the Bishop of Madison in accordance with canons 121-123 of the Code of Canon Law or whatever canonical norms are in force at the time. If the Congregation is not so substantially altered, but the purposes for which the trust Fund is established no longer exist, the Trustees shall distribute the trust Fund into one or more other endowment trusts that are (a) maintained by or within the structure of the church of the Diocese of Madison, (b) not inconsistent with the purposes of the trust Fund or the teachings of the Catholic Church, and (c) not inconsistent with the intentions of the donors as closely as possible. If (1) the Congregation is not substantially altered and (2) the purposes for which the trust Fund was established continue to exist, but (3) the income derived from the trust Fund significantly exceeds the amount needed for those purposes and (4) the excess is expected to exist indefinitely, then to the extent permissible under state law, the Trustees may transfer from the trust Fund, to one or more other endowment trusts whose purposes are not inconsistent with the purposes of the trust Fund or the teachings of the Catholic Church, so much of the trust Fund that exceeds the amount reasonably appropriate for the trust Fund to satisfy its purposes for the foreseeable future. Otherwise, the trust Fund shall continue forever unless and until, consistent with the purposes set forth in Article II, the Trustees distribute all of the principal as provided in Article V, Paragraph A, regarding unusual distributions of principal.

ARTICLE XIII. Applicable Law

This Agreement and the trust Fund hereby amended and restated are governed in all respects by the laws of the State of Wisconsin, including Chapter 701 of the Wisconsin Statutes (the Wisconsin Trust Code), to the extent such laws do not conflict with the Canon Law of the Roman Catholic Church.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, this _____ Congregation Endowment Agreement is executed this _____ day of _____, 20_____, by each member of the Board of Directors of the _____ Congregation.

_____
Most Reverend Donald J. Hying, Bishop of Madison
(President and Trustee of the Congregation)

_____
Reverend Monsignor James R. Bartylla, Vicar General
(Trustee of the Congregation)

_____
_____, Pastor
(Vice President and Trustee of the Congregation)

_____
_____
(Treasurer and Trustee of the Congregation)

_____
_____
(Secretary and Trustee of the Congregation)

_____ CONGREGATION ENDOWMENT FUND
(NEW ENDOWMENT)

By this Trust Agreement (this "Agreement"), the Board of Directors of the _____ Congregation (the "Congregation"), a civil corporation pursuant to Wisconsin Statutes § 187.19, establishes the _____ Congregation Endowment Fund (the "Fund") effective _____, 20_____.

WHEREAS, there is a continuing need to provide additional support for the operation, maintenance, capital requirements, and continued existence of the Congregation; and

WHEREAS, individuals, firms, corporations, and other entities have indicated a willingness and desire to contribute money and property to support the Congregation for the purposes set forth in this Agreement; and

WHEREAS, the Board of Directors has determined that the money and/or property to be contributed would be better held in the trust Fund established by this Agreement, separate from The Catholic Diocese of Madison Foundation, Inc.;

NOW, therefore, the Board of Directors confirms the creation and existence of the Fund as an irrevocable trust, with the members of the Board of Directors serving as trustees ("Trustees"), holding, investing, and administering the money and property contributed to the Fund pursuant to the following terms and provisions:

ARTICLE XIV. Name of Trust Fund

The name of this trust Fund shall hereinafter be _____ Congregation Endowment Fund. The Trustees shall conduct the activities of the Fund in that name.

ARTICLE XV. Purposes of Trust Fund

The purposes for which this trust Fund is established are the following

F. **Support of Congregation.** To support and assist the Congregation in its mission by providing supplemental funding of programs and services.

G. **Additional Support.** To provide additional support to the Congregation for its operation, maintenance, capital requirements, and continued existence.

H. **Tax-Exempt Purposes.** To operate exclusively for religious, charitable, or educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

I. **Receipt of Contributions.** To receive any real property or tangible or intangible personal property, including money, by gift, grant, devise, or bequest from any individual, foundation, corporation, either private or public, or governmental instrumentality for the purpose or purposes set forth herein and to administer such property for such purpose or purposes.

J. **Diocesan Policies.** To carry out the work of the Fund in accordance with the policies and guidelines established by the Bishop for the Diocese of Madison and the Congregation.

ARTICLE XVI. Additions to the Trust Fund

The Trustees may receive and accept property whether real, personal, or mixed, by way of gift, bequest, or devise, from any person, firm, trust, or corporation for the purposes of the Fund as specified in Article II hereof, to be held, administered, and disposed of in accordance with and pursuant to the provisions of this Agreement, but no gift, bequest, or devise of any such property shall be received and accepted if it is conditioned or limited in such a manner (1) as to require the disposition of the income or its principal to any person or organization for other than "charitable, religious or educational purposes" as specified in Article II of this Agreement, or (2) as shall, in the opinion of the Trustees, jeopardize the federal income tax exemption of the Fund pursuant to section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue Law.

ARTICLE XVII. Administration of the Trust Fund

E. **Investment of Trust Fund.** The Trustees shall hold the Fund and its assets and may, in their sole discretion, invest it or parts of it in securities, real estate, or other investments which are permitted under the laws of the State of Wisconsin and pursuant to the Canon Law of the Roman Catholic Church. All investments shall be made in accordance with the investment guidelines promulgated by the Bishop for the Diocese of Madison or, in the absence of diocesan guidelines, in accordance with guidelines adopted by the Advisory Board. The Fund may be divided into sub-funds or sub-accounts.

F. **Ascertainment of Principal and Income.** All property, real and personal, of whatever kind or nature, received and accepted by the Trustees, shall be held and administered by the Trustees to permit the ascertainment of principal and income of the Trust and the apportionment of receipts and expenses in accordance with the provisions of section 701.20, Wisconsin Statutes, or the corresponding provision of any future Wisconsin Statute, to the extent not inconsistent with the provisions of this Agreement. The Trustees shall, in their sole discretion, retain the cash and collect the income, and they shall from time to time, and in such manner as they deem proper in their sole discretion, devote and apply the principal of the Fund or the income thereof exclusively to the uses and purposes set forth in this Agreement.

G. **Annual Distributions.** The Trustees shall make annual distributions from the Fund consistent with the then-current diocesan spending policy based on the fair market value of the Fund assets determined on the last business day of the preceding calendar year, and in the proportions of the component sub-funds of the Fund on the last business day of the preceding calendar year. The total annual distribution may be made on a cumulative basis throughout the calendar year. At the time of this Agreement, the Trustees intend that such distributions not exceed five-percent of the Fund value based on a twelve-quarter rolling average of the corpus or principal balance of the Fund.

H. **Extraordinary Distributions.** Additionally, by a unanimous decision of the Trustees, up to ten percent of the fair market value of the Fund (expressed as an average of the fair market value of the assets of the Fund on the last business day of the preceding twelve calendar quarters) may be used in any calendar year to meet an emergency need for funds for the purposes of the Congregation. Notwithstanding the foregoing, in matters of extreme

circumstance, the Trustees may in their sole and absolute discretion, by a unanimous decision, make a hardship distribution in excess of such ten percent limit. Any distribution under this Paragraph may exceed ten percent of the fair market value of any component sub fund. Following an extraordinary distribution of any amount, no further use of the principal shall be permitted, except as necessary to make the annual distribution described in Article IV, Paragraph C, until the amount withdrawn extraordinarily has been replaced through other gifts or deposits to the Fund or through investment growth of the Fund. Any distributions under this Paragraph are additionally subject to the restrictions in Article V, Paragraph A.

ARTICLE XVIII. Restrictions on Use of the Trust Fund

A. **Unusual Distributions of Principal.** The principal of the Fund, beyond the usual annual distribution amounts, may be distributed only in unusual and critical circumstances as determined by a unanimous decision of the Trustees. Any decision to distribute more than ten percent of the principal of the Fund in any given year shall require formal consultation between the Trustees and the Advisory Board.

B. **Designated-Purpose Donations.** If a donor (whether an individual, foundation, corporation, either public or private, or governmental instrumentality) designates at the time of donation that the donated funds or property be used for a specific purpose that is consistent with one or more of the purposes specified in Article II hereof, and if the Trustees accept the donation, then the Trustees will use the principal and/or income from the donated funds only for the use and to the extent designated by the donor. In such cases, the Trustees shall render a separate accounting for such funds or property, but for purposes of investment, such funds or property may be combined with other assets of the trust Fund.

C. **Termination of Fund.** Any decision to terminate the Fund shall require formal consultation between the Trustees, the Advisory Board, and the Parish Finance Council, and shall be subject to the approval of the Bishop of Madison (or his equivalent in Canon Law). If the entire principal of the Fund is expended, then the Fund shall be deemed terminated.

D. **No Private Inurement.** No part of the net earnings of the Trust shall inure or be payable to or for the benefit of any private individual (such as the Trustees or the members of the Advisory Board), except that reasonable compensation may be paid for services rendered to or for the Fund in the furtherance of its purposes and for reasonable and necessary expenses incurred in connection with the administration of the Fund.

E. **No Lobbying or Political Activity.** No substantial part of the activities of the Trust shall be the carrying on of propaganda, or otherwise attempting, to influence legislation. No part of the activities of the Trust shall be the participation in, or intervention in (including the publishing or distributing of statements for) any political campaign on behalf of (or in opposition to) any candidate for public office.

F. **Tax-Exempt Activities.** Notwithstanding any other provisions of this Agreement, the Trustees shall neither have nor exercise any power, nor shall they engage, directly or indirectly, in any activities not permitted to be conducted or carried on by an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, or the corresponding provisions of any future United States Internal Revenue Law, or by any organization, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986, or the corresponding provisions of any future United States Internal Revenue Law.

ARTICLE XIX. Trustees and Meetings

H. **Trustees.** The Trustees shall be the five individuals who are on the Board of Directors of the Congregation, namely, the Bishop of Madison (or his equivalent in Canon Law), the Vicar General of the Diocese of Madison, the Pastor of the Congregation, and the two laypersons of the Congregation who are on the Board of Directors of the Congregation.

I. **Matters of Ordinary Administration.** In matters of ordinary administration of the Fund, because the Pastor of the Congregation may generally exercise the proxy of the Bishop of Madison (or his equivalent in Canon Law), an action or decision of the Trustees need be made only by the Pastor of the Congregation.

J. **Other Matters.** Except as otherwise provided herein, the Trustees shall act by a vote of a majority of their number at any given time.

K. **Execution of Instruments.** Any instrument required to be executed by the Fund shall be valid if executed in the name of the Fund by the Pastor of the Congregation.

L. **Meetings.** The Trustees shall normally meet at least once each year. Meetings shall be called and chaired by the Bishop of Madison or, if he is unavailable, by the Vicar General of the Diocese of Madison or, if he is unavailable, by the Pastor of the Congregation. Any or all Trustees may participate in a meeting through the use of any means of communication by which all participating Trustees may simultaneously hear or read each other's communications during the meeting.

M. **Notice of Meetings.** At least ten days before any meeting of the Trustees, each Trustee shall be provided with a written notice of the meeting and the business to be transacted at the meeting. Any Trustee may waive in writing the receipt of such notice. Any Trustee who participates in a meeting shall be deemed to have received timely notice of the meeting.

N. **Trustee Compensation and Expenses.** Trustees shall serve without compensation but may be reimbursed from the Fund for all expenses reasonably incurred in the administration of the Fund or the exercise of their duties as Trustees.

ARTICLE XX. Advisory Board

The Trustees shall have a Fund advisory board ("Advisory Board") consisting of individuals who shall be appointed (and may be removed) by a majority vote of the Trustees. The Advisory Board shall advise the Trustees in matters relating to the Fund. The Advisory Board shall be subject to the following:

F. **Composition and Number of Members.** The Advisory Board shall have no less than four and no more than eight members. A majority of the members of the Advisory Board shall be members of the Congregation. For example, if the Advisory Board were to have four members, then at least three shall be members of the Congregation. At least one member shall be selected from the Parish Pastoral Council (if that body exists in the parish) and at least one member shall be selected from the Parish Finance Council.

G. **Terms of Office.** The terms of office of the initial members of the Advisory Board shall be staggered terms so that approximately half of the initial terms are three years and approximately half are two years. Thereafter, a term of office shall be three years. Members of the Advisory Board may serve no more than two successive terms, but they may be eligible for reappointment to the Board after an absence of one year.

H. **Vacancies.** In the case of any vacancy on the Advisory Board by death, resignation, disqualification, removal, or other cause deemed sufficient by the Trustees, a successor shall be appointed (by majority vote of the Trustees) to hold office for the unexpired portion of the term.

I. **Budgets and Expenditures.** The Advisory Board shall propose an annual budget for the operation of the Fund and shall recommend the proposed budget to the Trustees, who shall have final authority to adopt or modify the budget. Unbudgeted expenditures must normally have the consent of the majority of the Advisory Board members, unless the Trustees determine otherwise.

J. **Advisory Board Compensation and Expenses.** Members of the Advisory Board shall serve without compensation but may be reimbursed from the Fund for all expenses reasonable incurred in the administration of the Fund.

ARTICLE XXI. Powers of Trustees

I. **Powers.** The Trustees shall have all powers granted by governing law and all powers to invest the Trust Fund in accordance with the investment guidelines promulgated for the Diocese of Madison. The Trustees shall also have the following powers, exercisable in the discretion of the Trustees:

9. To invest and reinvest the principal and income of the Trust as permitted under the laws of the State of Wisconsin in such property, real, personal or mixed, and in such manner as they shall deem proper.

10. To change investments from time to time as they shall deem advisable.

11. To invest in or retain any stocks, shares, bonds, notes, obligations, or personal or real property, including without limitation any interests in or obligations of any corporation, partnership, association, business trust, investment trust, common trust fund, or investment company (although some or all of the property so acquired or retained is of a kind or size which but for this express authority would not be considered property).

12. To sell, lease, or exchange any personal, mixed, or real property at public auction or by private contract, for such consideration and on such terms as to credit or otherwise, and to make such contracts and enter into such undertakings relating to the trust property, as the Trustees consider advisable, whether or not such leases or contracts may extend beyond the duration of the Trust, without prejudice to the provisions of the Canon Law of the Catholic Church regarding the alienation of patrimony and related transactions.

13. To borrow money for such periods, at such rates of interest, and upon such terms as the Trustees consider advisable, and as security for such loans to mortgage or pledge any real or personal property with or without power of sale; to acquire or hold any real or personal property, subject to any mortgage or pledge on or of property acquired or held by the Trust.

14. To execute and deliver deeds, assignments, transfers, mortgages, pledges, leases, covenants, contracts, releases, promissory notes, and other instruments, sealed or unsealed, incident to any transaction in which the Trustees engage.

15. To vote, give proxies, participate in the reorganization, merger or consolidation of any concern, or in the sale, lease, disposition, or distribution of its assets; to join with other security holders in acting through a committee, voting trustees, depositary or otherwise, and in this connection to delegate authority to such committee, depositary or trustees and to deposit securities with them or transfer securities to them, to pay assessments levied on securities or to exercise subscription rights in respect of securities.

16. To employ a bond or trust company as custodian of any funds or securities and to delegate to it such powers as the Trustees deem appropriate; to hold trust property without indication of fiduciary capacity but only in the name of a registered nominee, provided the trust property is at all times identified as such on the books of the Trust; to keep any or all of the trust property or funds in any place or places in the United States of America; to employ clerks, accountants, investment counsel, attorneys, agents and any special services, and to pay the reasonable compensation and expenses of all such services.

J. **Fiduciary Capacity.** The Trustees may exercise the powers under this Agreement solely in their fiduciary capacity consistent with and in furtherance of the purposes of the Trust, as specified in Article II hereof, and not otherwise. The Trustees shall act in good faith and exercise reasonable care and diligence in carrying out the purposes of the trust Fund.

K. **Engagement of Third Parties.** The Trustees may, in their discretion, engage investment advisors or other third parties as to any matters relating to investment, reinvestment, or distribution of assets in the Fund. The Trustees shall at all times have ultimate authority and power over investments, reinvestments, and the distribution of funds.

L. **Establishment of Policies.** The Trustees may establish policies and rules for the administration of the Fund. Any such policies or rules must be in accordance with policies and guidelines established for the Diocese of Madison and with the Canon Law of the Roman Catholic Church.

M. **Refusal of Contributions.** The Trustees may reject or refuse to accept any contributions or donations made to the Fund.

N. **Conflict of Interest.** Any Trustee that might have a conflict between personal and fiduciary interests shall report the possible conflict to the other Trustees.

O. **Exculpation.** The Trustees shall not, in the absence of bad faith, willful misconduct, or reckless indifference to the purposes of the trust, be liable for (or accountable for) errors of judgment in connection with the trust Fund.

P. **Socially Responsible Investing**. The Trustees are urged, but in no way bound, to adhere to the guidelines for socially responsible investing as set forth by the United States Conference of Catholic Bishop, especially in the 2003 document entitled “Socially Responsible Investment Guidelines” and in any similar documents that may be published by that Conference from time to time.

ARTICLE XXII. Accounting

D. **Fiscal Year.** The fiscal year of the Fund shall be from July 1 through June 30 of each year.

E. **Statement of Receipts and Disbursements.** The Trustees shall prepare a statement of Fund receipts and disbursements for each fiscal year. Within two months after the end of each fiscal year, the Trustees shall provide the statement for that year to the Finance Officer of the Diocese of Madison and the Advisory Board.

F. **No Annual Report to IRS.** Because the Fund is operated, supervised, or controlled by or in connection with a religious organization described in section 501(c)(3) of the Internal Revenue Code, the Fund is exempt under current law from filing an annual report (Form 990) to the Internal Revenue Service as provided by section 6033(a)(3)(iv).

ARTICLE XXIII. Nonalienation of Funds

No individual, foundation, corporation, either public or private, whether classifiable as donor or donee, or anyone claiming by or through them, or any other person, foundation, corporation, either public or private, shall have any right, title, or interest in or to the trust Fund or any part thereof. Title to all of the money, property, and income paid into or acquired by or according to the trust Fund shall be vested in and remain exclusively in the name of the Trustees. This Fund shall be immobilized (reserved for a specific purpose) pursuant to the Canon Law of the Roman Catholic Church. No benefits or monies payable from the Fund shall be subject in any matter to anticipation, alienation, sale, transfer, assignment, encumbrance, pledge, or charge by anyone other than the Trustees in conformance with this Agreement. Any attempt by anyone other than the Trustees, in conformance with this Agreement, to so anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the benefits or monies payable from the Fund shall be void.

ARTICLE XXIV. Amendment of Trust Instrument

This Agreement and the trust Fund are irrevocable and may not be terminated, in whole or in part, except as provided in this Agreement.

C. **Written Amendments.** This Agreement may be amended at any time by a written instrument signed and acknowledged by all the Trustees. Nonetheless, no amendment shall authorize the Trustees to conduct the affairs of the trust Fund in any manner or for any purpose contrary to the purposes of the Trust as specified in Article II of this Agreement or any applicable provision of the United States Internal Revenue Code (current or future versions) or any provision of the Canon Law of the Catholic Church (current or future versions) or any policy of the Diocese of Madison, or to cause the principal of the trust Fund to be invaded or reduced contrary to the provisions and intent of this Agreement. All instruments amending this Agreement shall be noted upon or kept attached to the executed original of this Agreement held by the Trustees.

D. **Technical Amendments to Conform to Actions.** Any action taken or authorized by the Trustees which would be inconsistent with this Agreement, other than an action which is not permitted by Article V, this Article XI, or any provisions of governing law, or which is inconsistent with the purposes specified in Article II hereof, but which is taken or authorized by the affirmative vote of the majority of the Trustees, shall be given the same effect as though this instrument had been temporarily amended or suspended so far, but only so far, as is necessary to permit the specific action so taken or authorized. The power and authority provided for by this Paragraph B of Article XI is, however, only to authorize technical

amendments to this Agreement for the purpose of ensuring that the Agreement conforms to the governing law, particularly applicable tax law.

ARTICLE XXV. Termination of the Trust Fund

If the Congregation is divided, merged, suppressed, or otherwise substantially altered as provided in the Canon Law of the Catholic Church (with or without a corresponding alteration or dissolution of the civil entity under which the Congregation is incorporated), the Trustees shall distribute the trust Fund in a manner determined by the Bishop of Madison in accordance with canons 121-123 of the Code of Canon Law or whatever canonical norms are in force at the time. If the Congregation is not so substantially altered, but the purposes for which the trust Fund is established no longer exist, the Trustees shall distribute the trust Fund into one or more other endowment trusts that are (a) maintained by or within the structure of the church of the Diocese of Madison, (b) not inconsistent with the purposes of the trust Fund or the teachings of the Catholic Church, and (c) not inconsistent with the intentions of the donors as closely as possible. If (1) the Congregation is not substantially altered and (2) the purposes for which the trust Fund was established continue to exist, but (3) the income derived from the trust Fund significantly exceeds the amount needed for those purposes and (4) the excess is expected to exist indefinitely, then to the extent permissible under state law, the Trustees may transfer from the trust Fund, to one or more other endowment trusts whose purposes are not inconsistent with the purposes of the trust Fund or the teachings of the Catholic Church, so much of the trust Fund that exceeds the amount reasonably appropriate for the trust Fund to satisfy its purposes for the foreseeable future. Otherwise, the trust Fund shall continue forever unless and until, consistent with the purposes set forth in Article II, the Trustees distribute all of the principal as provided in Article V, Paragraph A, regarding unusual distributions of principal.

ARTICLE XXVI. Applicable Law

This Agreement and the trust Fund hereby created are governed in all respects by the laws of the State of Wisconsin, including Chapter 701 of the Wisconsin Statutes (the Wisconsin Trust Code), to the extent such laws do not conflict with the Canon Law of the Roman Catholic Church.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, this _____ Congregation Endowment Agreement is executed this _____ day of _____, 20_____, by each member of the Board of Directors of the _____ Congregation.

_____
Most Reverend Donald J. Hying, Bishop of Madison
(President and Trustee of the Congregation)

_____
Reverend Monsignor James R. Bartylla, Vicar General
(Trustee of the Congregation)

_____
_____, Pastor
(Vice President and Trustee of the Congregation)

_____
_____
(Treasurer and Trustee of the Congregation)

_____
_____
(Secretary and Trustee of the Congregation)

_____ CONGREGATION, _____, WI

PARISH CEMETERY PERPETUAL CARE FUND AGREEMENT

Recitals

A. This Parish Cemetery Perpetual Care Fund Agreement ("Agreement") is dated _____, 20___, and is executed by the Board of Directors ("Board") (a/k/a Congregation or Parish Trustees) of the _____ Congregation, a religious corporation organized under Section 187.19 of the Wisconsin Statutes.

B. The Congregation owns one or more cemeteries (each, a "Cemetery"). Each Cemetery does not operate independently of the Congregation (e.g. the parish corporation). This Agreement pertains to the cemetery or cemeteries located at: _____ _____.

C. The Board desires to establish a fund ("Fund") for the perpetual care of each Cemetery and, with respect to the Congregation's operations of each Cemetery, comply with all Wisconsin Statutes applicable to cemeteries owned by religious societies. Notwithstanding the foregoing, the Board may elect to establish a single common Fund for the perpetual care of all cemeteries under its control.

D. The Fund is intended to generate sufficient investment income to cover all or a portion of expenses incurred by the Congregation in the management, care, repair, maintenance and/or improvements of each Cemetery.

E. Because the Congregation accounts for the Fund separate from the Congregation's other financial accounts, the Fund is also intended to attract charitable contributions, including bequests and other planned gifts.

F. In general, with regard to each Cemetery burial lot that is sold by the Congregation, the Congregation intends to deposit 15% of the gross sale price in the Fund as a perpetual-care allocation ("Cemetery Lot Perpetual Care Allocation") and deposit the remaining 85% in the operating account of the Cemetery as general revenue. In the case where the sales price is net and the perpetual care fee is separately identified, that amount designated for perpetual care shall also be deposited to the Fund.

G. The Board of Directors therefore agrees as follows:

Agreement

1. **Establishment of Fund as Quasi-Endowment.** The Congregation hereby establishes the Fund as a quasi-endowment for the perpetual care of each Cemetery owned by the Congregation. The Congregation will periodically deposit Cemetery Lot Perpetual Care Allocations to the Fund. The Congregation may voluntarily contribute additional amounts to the Fund from time to time.

2. **Donations to Fund.** The Congregation may solicit, accept, and deposit in the Fund charitable contributions from third parties that are intended to provide perpetual care of a Cemetery.

3. **Commingling with True Endowment Funds.** If the Congregation receives a donation that is clearly intended to be a true endowment for the perpetual care of a Cemetery (i.e., the donation is specified not to be wholly expendable by the Congregation on a current basis), the Congregation may deposit the donated funds to the Fund and commingle them with other Fund assets for investment purposes, but, with respect to each such true endowment, the Congregation will separately account for the true endowment and comply with Section 112.11 of the Wisconsin Statutes (Uniform Prudent Management of Institutional Funds Act) and any laws that succeed or replace that statute.

4. **Distributions**. The Congregation may periodically withdraw from the Fund and transfer to the Cemetery operating account, exclusively for the management, care, repair, maintenance and/or improvements of a Cemetery, and not for other general parish non-cemetery operations, up to 100% of the Fund income, and to the extent not inconsistent with any true endowment and only with the unanimous consent of the Board, a reasonable amount of Fund principal.

5. **Separate Accounting and Investment.** The Congregation will account for the Fund separate from the Congregation's other financial accounts. The Congregation will also invest the Funds separate from the Congregation's other investments or funds. The Fund account shall be designated as the "Perpetual Care Fund." The Congregation's financial records for the Fund shall be kept on a cash basis and on a fiscal year coinciding with the Congregation's fiscal year.

6. **Fund Management and Administration.** The Congregation shall manage and administer the Fund in a prudent manner consistent with its purposes. The Board shall designate an individual ("Administrator") to be primarily responsible for management and administration of the Fund on behalf of the Congregation. The Administrator shall not be liable for any action taken or omitted hereunder by the Administrator except in the case of willful misconduct.

7. **Advisory Committee.** The Board may establish and maintain a cemetery advisory committee ("Advisory Committee") comprised of parishioners with knowledge in cemetery operations, business, and/or investments. The Advisory Committee shall have at least three, but not more than nine, members. The Board shall appoint the chair of the Advisory Committee. The Advisory Committee shall determine the time and frequency of its meetings, but at least one meeting shall be held generally each year. Meetings shall be called by the Advisory Committee chair.

8. **Investment Policy**. The Board, with the advice and assistance of the Advisory Committee, shall adopt an investment policy to guide the investment of the Fund assets.

9. **Management and Administration Powers.** The Congregation (and the Administrator, on behalf and in the name of the Congregation) shall have the power to do all things necessary or convenient to manage and administer the Fund, including without limitation the following:

a. Collect, receive, and provide receipts for any and all items of principal or income placed under the terms of this Agreement and to allocate same either to principal or income,

or partly to one and partly to the other, in accordance with usual and customary accounting practices.

b. Invest and reinvest the assets of the Fund pursuant to the provisions of this Agreement and applicable law.

c. Treat stock dividends, stock splits and dividends payable in the securities of another company, extraordinary cash or non-cash dividends, liquidating dividends, stock purchase rights, warrants and options of all kinds, and all similar property and the right to property, as income or as principal, or partly one and partly the other, in accordance with usual and customary accounting practices.

d. Acquire and hold any stock, securities, real estate or any other property, real or personal, in the name of the Fund.

e. Vote all shares of stock in the Fund, regardless of how the certificates for such stock are prepared, on all matters, and to give special or general proxies to any person, or persons, with or without the power of substitution.

f. Execute, acknowledge, deliver and accept any and all deeds, deeds of trust, releases, mortgages, certificates, documents, affidavits, declarations, and any and all other papers and instruments whatsoever deemed by the Administrator necessary or appropriate to carrying out the powers and authorities herein granted.

g. Exercise any option or privilege to buy, sell, exchange, or convert bonds, notes, stock or real, personal or mixed property, of any kind.

h. Distribute amounts from the Fund pursuant to the terms and conditions of this Agreement, and consistent with the Congregation's overall 'plan of operation' of each Cemetery.

10. **Custodian.** The Congregation may engage a bank or other suitable financial institution to be custodian of the assets of the Fund.

11. **Investment Advisor.** The Congregation may engage an investment advisor to provide advice to the Congregation and the Advisory Committee regarding investment of the Fund and preparation of the investment policy.

12. **Fund Records and Reports.** The Administrator shall maintain appropriate financial records for the Fund, evidencing the amounts received, the amounts disbursed, the total amount of the Fund held, and the location, description, and character of the investments of the Fund. The Administrator shall periodically report to the Board on his/her actions regarding management and administration of the Fund. A financial report detailing the Fund's assets and performance shall be printed in the Congregation's parish bulletin to coincide with the Congregation's fiscal year.

13. **Perpetuity.** The Fund shall exist so long as the Congregation (or its successor or assignee) operates a Cemetery. If it becomes impossible or harmful to use the Fund for the purposes for which it was established, whether because the Congregation (or its successor or assignee) no longer operates a Cemetery, or for some other reason, then either the Fund shall be

used for the purpose which, in the judgment of the Bishop of Madison, most closely corresponds to its original purpose in accordance with canon 1310 of the 1983 Code of Canon Law. If the Congregation (or its successor or assignee) ceases to exist, the remaining assets of the Fund shall be distributed in accordance with canon 123 of the 1983 Code of Canon Law and related canonical norms, for use in a manner which, in the judgment of the Bishop of Madison, most closely corresponds to its original purpose, provided that the assets are not distributed to any society or organization that does not qualify as tax exempt under Section 501 (c)(3) of the Internal Revenue Code of 1986 as amended (or the corresponding provision of any future United States Internal Revenue Law). No part of the receipts of the Fund shall inure to the benefit of or be distributed to members of the Congregation, its directors or other private persons, except that payments may be authorized for reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Agreement.

14. **Amendment**. The Board may amend this Agreement from time to time, but no such amendment may change the purposes of the Fund or change the terms of any true endowment that may be held within the Fund.

The undersigned executed this Parish Cemetery Perpetual Care Fund Agreement as of the date set forth in the introductory clause.

_____
Pastor/Director

_____
Director

_____
Secretary/Director

_____
Director

_____
Treasurer/Director

Diocese of Madison

Letter Accompanying the Annual Report to the Parishioners

Providing a letter that helps explain the annual report to parishioners is a powerful tool that can help encourage greater stewardship. The goal is to help parishioners understand what has happened in the last year in the parish. To do this, the annual report to should combine a parish financial statement with other information on parish giving, highlights of the past year, comments from the pastor and a discussion of parish volunteer efforts, missions and ministries. A Sample – Letter to Parishioners on the Annual Report is on the following page.

A. Significance

One of the primary reasons Catholics say they do not support their parish is because they do not know or understand how the money is used. A parish annual report should clearly answer that question. It should also provide enough information about the work that is being done in the parish to motivate parishioners to become involved and invested in that work.

B. Timing

The best time to distribute your letter and the parish annual report is right after the fiscal year-end. The combination of the financial needs and accountability that is found in an annual report along with the spiritual call to give which is found in a stewardship message from the letter can be most compelling.

C. Content

Begin by thinking of the information you think good stewards would want to know about the parish they are supporting. Consider including highlights from the last year, facts on envelope usage, revenue from all special events and how it was used, a listing of parish ministries, statistics about the parish, information on planned giving and endowment funds.

D. Communication

When properly written, the letter accompanying the parish annual report can be your most important communication tool of the year. Therefore, you should plan to distribute it as an insert in the church bulletin. Other means of distribution include the parish website or in welcome packets for new parishioners.

Dear Parishioners:

On behalf of our Parish Finance Council, I am pleased to present the St. Joseph Parish Annual Report. This report covers the finances of our time, talent, and treasure between July 1, 20XX and June 30, 20XX.

We are blessed that our parish has many activities throughout the year. In the two pages of this report, you will not only find the financial numbers from our parish operations of the past year, but various other auxiliary groups that relate to the life of our parish. All of these facts and figures help bear witness to the great work that occurs within our parish!
It is very clear that there are truly many ways that we use our God-given gifts and talents for the betterment of our community and each other. Since my arrival in October, I have enjoyed meeting you and am very proud to be a member of this community! I am grateful for what you have done in the past and I look forward to the many ways that we will work together in the upcoming years.

Your generous response to the Annual Catholic Appeal along with careful management by the Parish Finance Council of the routine parish running costs enabled us to clear all of our outstanding debt to the Diocesan Assessment. This allowed us to undertake the recent renovations with a clean slate and a projected annual surplus of $100,000. In addition to this, your response to the Church Renovations Campaign has been equally magnificent.

Our beautiful church was opened in 1866 which means that we will be celebrating its 150th Anniversary in 2016. I hope that over the next four years we will be able to do all that is necessary to bring our buildings, our grounds and our parish administration to the highest standards so that we can be justifiably proud of the parish and the church we have inherited from our predecessors in faith. With God's help, 2016 will be a special year of celebration for our parish and among other plans is the publication of an illustrated history of the church.

In conclusion, I would like to thank you for your loyal and generous support of your parish and your priests down through the years. I would also like to express my thanks to Monsignor George Richardson, Sister Bethany and Sister Fiona for all that they contribute to the life and ministry of our parish. I also thank the Parish Pastoral Council, the Parish Finance Council, the parish staff and the many other groups and individuals who support the parish in various different ways.

The members of the Parish Finance Council, parish staff, and I, welcome any and all questions or comments that you may have. Please do not hesitate to contact us through the parish office at 333.666.5555.

God bless,

Signature

Father Jones

Diocese of Madison

Assessment Calculation Method

A. Determining Parish Revenue

Start: Total Parish Revenue

Less: Restricted investment income
Restricted contributions
96% of the school subsidy amount
Prior year's assessment

Equals: Adjusted parish Income (Assessment base for the Parish)

B. Diocesan Weighting

The assessment amount for each parish is computed by dividing the Adjusted Parish Income computed in Step One (by Parish), by the sum of the Adjusted Parish Income (for all Parishes) and multiplying that result (percentage) by the total assessment for the year.

Dear _____,

At the start of this new calendar year, please receive this statement of your 20XX financial support of _____ Parish. I wish to thank you for your commitment to your parish's life and ministries. This is Holy Ground where we gather as God's People for worship, celebration of the Sacraments, faith formation, service ministries, community enjoyment, spiritual enrichment, and so much more.

The parish depends solely on the commitment of the parishioners who support our ability to live out the mission of the Church, faithful to Jesus Christ. Ideally, every member of the parish shares this responsibility as sacred, and financially supports the parish, to the extent of their ability.

The Parish Finance Council and Staff are committed to maintaining a balanced budget, and to keeping a close eye on expenditures. We strive to operate with sound financial/business practices.

If you are itemizing deductions, this statement will provide the necessary IRS documentation for your contributions. Remember that since 2007, people can no longer deduct cash contributions without documentation from the charity. Using your parish envelopes, or electronic funds transfer, allows us to credit your contributions for your tax purposes.

If you would like a detailed record of your 20XX donations, or if you believe there is an error in our records related to your contributions, please contact _____ at the parish office (XXX-XXXX).

Sincerely in Christ,

Signature

Pastor

No goods or services were provided by the church or its organizations in return for these contributions.

Dear _____,

At the start of this new year, I pray that 20XX will be filled with many blessings for you and your family. Consistent with previous practices, I am writing to all of registered members of _____ Parish providing the 20XY Statement of Contributions, made to _____ Parish, for their tax purposes. You are an important member of this vibrant faith community where we gather as God's People for worship, celebration of the Sacraments, faith formation programs, service ministries, community enjoyment, spiritual enrichment, and so much more.

The parish depends solely on the commitment of the parishioners to support our ability to live out the mission of the Church, and so be faithful to Jesus Christ. Ideally, every member of the parish shares this responsibility as sacred, and financially supports the parish to the extent of their ability.

The 20XY parish records show that you financially supported your parish as indicated below. Perhaps you choose to make your financial contributions anonymously in which case we would have no record of something that is only between you and God. If this is true for you, thank you for your support of the Church's mission and life!

The Parish Finance Council and Staff are committed to maintaining a balanced budget, and keeping a close eye on expenditures. We strive to operate with sound financial/business practices.

Thank you for reading this, and if there is anything I, or our staff, can do for you, please don't hesitate to contact us.

Sincerely in Christ,

Signature

Pastor

P.S. If you believe there is an error in our records related to your statement, please contact _____ at the parish office (XXX-XXXX).

Chart of Accounts

Account	Account Name	Type	Description
11000	**CASH**	Bank	Header account - All savings accounts, checking accounts and petty cash
11100	Cash in Bank-General Operating	Bank	Primary operating checking account, all routine payments and deposits
11125	Cash in Bank-School	Bank	School checking account
11150	Cash in Bank-Cemetery	Bank	Cemetery checking account
11200	Cash in Bank - Payroll	Bank	Checking account for payroll
11300	Petty Cash	Bank	A minimal amount of currency and coin set aside to pay small bills which are not convenient to pay by check. The balance is operated on an imprest basis which means that the amount recorded will not change. Monthly entries will be to various expense accounts and operational cash which will replenish the funds given out of petty cash.
11400	Savings Accounts	Bank	Parish savings account
11500	All Organization, Society and Auxiliary Checking Accounts	Bank	Auxiliary Checking Accounts (Mass Stipend account, SCRIP account, CCW checking account, etc.)
12000	**UNRESTRICTED INVESTMENTS-GENERAL FUND**	Bank	Header account - Investments that can be used for operational purposes
12100	Unrestricted Investments-ST	Bank	Unrestricted Investments-Short Term (CD's, Money Markets)
12200	Valuation Adjust. Unrestricted-ST	Bank	Valuation Adjustment-Short Term Unrestricted Investments. Record any changes in the value of the investment resulting from the unrealized gain/loss.
12300	Unrestricted Investments-LT	Bank	Unrestricted Investments-Long Term (Mutual Funds, Stocks)
12400	Valuation Adjust. Unrestricted-LT	Bank	Valuation Adjustment-Long Term Unrestricted Investments. Record any changes in the value of the investment resulting from the unrealized gain/loss.
14000	**RESTRICTED INVESTMENTS**	Bank	Header account - Investments used for a specified purpose; only the donor can specify/change the restriction.
14100	Restricted Investments-ST	Bank	Restricted Investments-Short Term (CD's, Money Market)
14200	Valuation Adjustment - ST	Bank	Valuation Adjustment-Short Term Restricted Investments. Record any changes in the value of the investment resulting from the unrealized gain/loss.
14300	Restricted Investments-LT	Bank	Restricted Investments-Long Term (Mutual Funds, Stocks)
14400	Valuation Adjustment-LT	Bank	Valuation Adjustment-Long Term Restricted Investments. Record any changes in the value of the investment resulting from the unrealized gain/loss.
15000	**GENERAL RECEIVABLES**	Accounts Receivable	Header account - Money that is owed to you - seldom used
15100	Accounts Receivable	Accounts Receivable	Money owed to you; not yet received
15200	Pledges Receivable	Accounts Receivable	Money pledged; not yet received

	15400		Notes Receivable	Accounts Receivable	Money owed to you per note; not yet received; usually have a stated interest rate, due date and repayment schedule.
	15600		Provision for Doubtful Accounts	Accounts Receivable	Estimated uncollectible money; will have a credit balance
16000			**INVENTORY / SUPPLIES (Optional)**	Other Current Asset	Header account - Goods owned and held for sale. If Scrip is sold, set up and use a scrip inventory account under either inventory parish or inventory school depending on where the proceeds are used. This account should be reconciled monthly.
	16100		Inventory Parish	Other Current Asset	
	16200		Inventory School	Other Current Asset	
	16300		Inventory Cemetery	Other Current Asset	
17000			**PREPAID EXPENSES**	Other Current Asset	Header account - Money that is paid for a future period - seldom used
	17100		Prepaid Insurance	Other Current Asset	Prepaid Insurance
	17200		Prepaid Ret Ins & Health Ins	Other Current Asset	Prepaid Retirement Insurance & Health Insurance
	17300		Utility & Other Deposits	Other Current Asset	Prepaid Utility and Other
18000			**FIXED ASSETS**	Fixed Asset	Header account - All types of property, building, equipment and furniture in excess of $5,000 - less than $5,000 should be expensed
	18100		**Land**	Fixed Asset	Header account - Land Value (18110-18130)
		18110	Parish	Fixed Asset	Parish Land
		18120	School	Fixed Asset	School Land
		18130	Cemetery	Fixed Asset	Cemetery Land
	18200		**Land Improvements**	Fixed Asset	Header account - Land Improvements Value (18210-18230)
		18210	Parish	Fixed Asset	Parish Land Improvements in excess of $5,000
		18220	School	Fixed Asset	School Land Improvements in excess of $5,000
		18230	Cemetery	Fixed Asset	Cemetery Land Improvements in excess of $5,000
	18300		**Building**	Fixed Asset	Header account - Buildings in excess of $5,000 (18310-18330)
		18310	Parish	Fixed Asset	Parish Buildings
		18320	School	Fixed Asset	School Buildings
		18330	Cemetery	Fixed Asset	Cemetery Buildings
	18400		**Building Improvements**	Fixed Asset	Header account - Building Improvements in excess of $5,000 (18410-18430)
		18410	Parish	Fixed Asset	Parish Building Improvements
		18420	School	Fixed Asset	School Building Improvements
		18430	Cemetery	Fixed Asset	Cemetery Building Improvements

18500		**Office Furniture & Equipment**	Fixed Asset	Header account - Office Furniture & Equipment in excess of $5,000 (18510-18530)
	18510	Parish	Fixed Asset	Parish Office Furniture & Equipment
	18520	School	Fixed Asset	School Office Furniture & Equipment
	18530	Cemetery	Fixed Asset	Cemetery Office Furniture & Equipment
18600		**Equipment**	Fixed Asset	Header account - Equipment in excess of $5,000 (18610-18630)
	18610	Parish	Fixed Asset	Parish Equipment
	18620	School	Fixed Asset	School Equipment
	18630	Cemetery	Fixed Asset	Cemetery Equipment
18700		**Vehicles**	Fixed Asset	Header account - Vehicles in excess of $5,000 (18710-18730)
	18710	Parish	Fixed Asset	Parish Vehicles
	18720	School	Fixed Asset	School Vehicles
	18730	Cemetery	Fixed Asset	Cemetery Vehicles
19000		**ACCUMULATED DEPRECIATION**	Fixed Asset	Header account - Total depreciation expensed to date. The accumulated depreciation balance is shown as an offset to the related fixed asset balance. This account will have a credit balance.
19200		**Accum Depr-Land Improvement**	Fixed Asset	Header account - A/D Land Improvements (19210-19230)
	19210	Parish	Fixed Asset	A/D Parish Land Improvements
	19220	School	Fixed Asset	A/D School Land Improvements
	19230	Cemetery	Fixed Asset	A/D Cemetery Land Improvements
19300		**Accum Depr-Building**	Fixed Asset	Header account - A/D Building (19310-19330)
	19310	Parish	Fixed Asset	A/D Parish Buildings
	19320	School	Fixed Asset	A/D School Buildings
	19330	Cemetery	Fixed Asset	A/D Cemetery Buildings
19400		**Accum Depr-Bldg Improvements**	Fixed Asset	Header account - A/D Bldg Improvements (19410-19430)
	19410	Parish	Fixed Asset	A/D Parish Building Improvements
	19420	School	Fixed Asset	A/D School Building Improvements
	19430	Cemetery	Fixed Asset	A/D Cemetery Building Improvements
19500		**Accum Depr-Off Furn & Fixtures**	Fixed Asset	Header account - A/D Office Furniture (19510-19530)
	19510	Parish	Fixed Asset	A/D Parish Office Furniture and Fixtures
	19520	School	Fixed Asset	A/D School Office Furniture and Fixtures
	19530	Cemetery	Fixed Asset	A/D Cemetery Office Furniture and Fixtures
19600		**Accum Depr-Equipment**	Fixed Asset	Header account - A/D Equipment (19610-19630)
	19610	Parish	Fixed Asset	A/D Parish Equipment
	19620	School	Fixed Asset	A/D School Equipment
	19630	Cemetery	Fixed Asset	A/D Cemetery Equipment
19700		**Accum Depr-Vehicles**	Fixed Asset	Header account - A/D Vehicles (19710-19730)
	19710	Parish	Fixed Asset	A/D Parish Vehicles
	19720	School	Fixed Asset	A/D School Vehicles
	19730	Cemetery	Fixed Asset	A/D Cemetery Vehicles

21000		**ACCOUNTS PAYABLE**	Accounts Payable	Header account - Liability arising from the purchase of goods or services on credit in the ordinary course of business with regular vendors.
	21100	Account Payable	Accounts Payable	Amounts owed for goods or services which have been received.
	21500	Assessment Payable	Accounts Payable	Assessment payable to the Diocese
22000		**PAYROLL LIABILITIES**	Other Current Liability	Header account - Debts owed related to the amounts withheld from employees' wages and for amounts owed by the parish/school for the employer portion of payroll taxes and other employee benefits.
	22100	941/944 Fed Taxes Payable	Other Current Liability	Amounts withheld from employees' wages for their federal income taxes and FICA (Medicare and Social Security) that are due to the federal government. If desired, "Other Payroll Withholdings" account may be used to record Social Security and Medicare.
	22200	State Taxes Payable	Other Current Liability	Amounts withheld from employees' wages for their Wisconsin income taxes.
	22300	Health Insurance Payable	Other Current Liability	Amounts withheld from employees' wages (employees' portion) or expensed (employee benefit portion to be paid by employer) for health or vision insurance premiums.
	22400	Dental Insurance Payable	Other Current Liability	Amounts withheld from employees' wages (employees' portion) or expensed (employee benefit portion to be paid by employer) for dental insurance premiums.
	22500	Pension Payable	Other Current Liability	Amounts withheld from employees' wages as contributions to their retirement savings plan and any employer contributions.
	22700	Other Payroll Withholdings	Other Current Liability	Amounts withheld from employees' wages not listed above
23000		**ACCRUED EXPENSES**	Other Current Liability	Header account - Expenses that have been accrued but not yet paid
	23100	Accrued Interest Payable	Other Current Liability	Interest accrued, but not yet paid
	23200	Accrued Wages Payable	Other Current Liability	Wages accrued, but not yet paid
23500		**CEMETERY CURRENT LIABILITIES**	Other Current Liability	Header account - Cemetery Current Liabilities (23502-23550) are amounts that are temporarily held but have yet to be remitted.
	23502	Unpurchased Markers & Vaults	Other Current Liability	
	23504	Deferred Revenue-Crypts/Niches	Other Current Liability	
	23510	**Trusting**	Other Current Liability	Header account - Trusting (23512-23526)
	23512	Cemetery Unpaid Trust	Other Current Liability	

		23514	Mausoleum Unpaid Trust	Other Current Liability	
		23516	Vault Reserve Unpaid Trust	Other Current Liability	
		23518	Niche Unpaid Trust	Other Current Liability	
		23520	Cemetery Paid Trust	Other Current Liability	
		23522	Mausoleum Paid Trust	Other Current Liability	
		23524	Vault Reserve Paid Trust	Other Current Liability	
		23526	Niche Paid Trust	Other Current Liability	
	23550		Cemetery Note Payable	Other Current Liability	
24000			**COLLECTIONS HELD FOR OTHERS**	Other Current Liability	Header account - Money collected by the parish for specific charities. Since these funds do not benefit the parish in any way, they should not be recorded as revenue. When received, the funds should be debited to "cash" and credited to the "collections held for others" account. Within a month, the funds should be paid to the appropriate recipient with a debit to the "collections held for others" account and a credit to "cash".
	24050		**Diocesan Independent Collect.**	Other Current Liability	Header account - Collections sponsored by the Diocese to benefit specific charities. (24051 - 24053)
		24051	Holy Land Shrines	Other Current Liability	
		24052	Respect Life	Other Current Liability	
		24053	Bless Our Priests	Other Current Liability	
	24100		**Diocesan National Collection**	Other Current Liability	Header account - Collections sponsored by the Diocese to benefit specific national charities (24101-24107)
		24101	National Combined Collection	Other Current Liability	
		24102	Black & Indian Missions	Other Current Liability	
		24103	Human Development	Other Current Liability	

	24104	Communications Campaign	Other Current Liability	
	24105	Catholic Home Missions	Other Current Liability	
	24106	Retirement for the Religious	Other Current Liability	
	24107	Catholic Univ. of America	Other Current Liability	
24150		**Diocesan International Collection**	Other Current Liability	Header account - Collections sponsored by the Diocese to benefit specific international charities. (24151-24156)
	24151	International Combined Collect.	Other Current Liability	
	24152	Catholic Relief Services	Other Current Liability	
	24153	Central & Eastern Europe	Other Current Liability	
	24154	Latin America	Other Current Liability	
	24155	Peter's Pence	Other Current Liability	
	24156	World Mission Support	Other Current Liability	
24200		Due To Propagation Faith	Other Current Liability	Make Check Payable to “Propagation of the Faith”
24700		Parish Collections for Charity	Other Current Liability	Header account - Collections sponsored by the Parish to benefit specific charities. Please set up a subaccount for each specific charity (e.g. 24701, 24702, 24703 or 2470001, 2470002, 2470003).
25000		**DEFERRED REVENUE**	Other Current Liability	Header account - Money received in advance for goods or services provided at a later date.
25100		Deferred Revenue-Parish	Other Current Liability	
25200		Deferred Revenue-School	Other Current Liability	
25300		Deferred Revenue Cemetery	Other Current Liability	
26000		**LONG-TERM LIABILITIES**	Long Term Liability	Header account - Debt which is structured to be paid over a period of time greater than one year. Usually has a written agreement as to a repayment schedule, stated interest rate, and a due date. (26100-26400)
26100		Notes Payable-Banks	Long Term Liability	Loan from a bank

	26200	Mortgage Notes Payable	Long Term Liability	Mortgage from a financial institution
	26400	Notes Payable - Other Parishes	Long Term Liability	Loan from another parish
30000		**EQUITY**	Equity	Header account - The equity is the net worth of your parish. It represents the difference between what you owe (liabilities) and what you have (assets). If you sold all your assets today at their book values, and if you paid off you liabilities with the money you receive from the sale of your assets, the money you would have left would be equity. Your equity represents the health of you parish. You will have three equity (fund) accounts: unrestricted, temporarily restricted and permanently restricted. These need to be reconciled at least once a year.
	30001	Opening Balance Equity	Equity	Opening equity is a temporary posting account created by QuickBooks when you enter an opening balance for an account. No entries should be made to this account.
	31000	Unrestricted Equity Balances	Equity	Fund balance not restricted by donors or law.
	39000	Restricted Equity Balance	Equity	These are your restricted funds -either permanent or temporary. You may want to set up an account for each if you have permanently restricted funds (e.g. endowments).
40000		**PARISH OFFERTORY INCOME**	Income	Header account - Money received from parishioner contributions
	40100	Unrestricted Offertory Collection	Income	Cash receipts and loose checks received from envelope collections
	40160	Restrict Bldg Upkeep Collection	Income	Money received restricted to Building Upkeep
41000		**UNRESTRICTED INVESTMENT INC**	Income	Header account - Revenue from Investments that is unrestricted and for operational use.
	41100	Unrestricted Dividend Income	Income	Dividend revenue from unrestricted investments
	41200	Unrestricted Interest Income	Income	Interest revenue from unrestricted investments
	41300	Unrestricted Unrealized Gain/Loss	Income	Unrealized gains or losses from unrestricted investments. This is recognized when the parish still owns the investment.
	41400	Unrestricted Realized Gain/Loss	Income	Realized gains or losses from unrestricted investments. This is recognized when the investment is sold.
42000		**RESTRICTED INVESTMENT INCOME**	Income	Header account - Revenue from Investments that is restricted by donor and used for a specified purpose
	42100	Restricted Dividend Income	Income	Dividend revenue from restricted investments
	42100	Restricted Interest Income	Income	Interest revenue from restricted investments
	42300	Restricted Unrealized Gain/Loss	Income	Unrealized gains or losses from restricted investments. This is recognized when the parish still owns the investment.
	42400	Restricted Realized Gain/Loss	Income	Realized gains or losses from restricted investments. This is recognized when the investment is sold.
44000		**ENDOWMENT INV INCOME - REST**	Income	Header account - Endowment Investment Income – Restricted by donor
	44100	Rest Endowment Dividend Income	Income	Restricted Endowment Dividend Income

	44200	Rest Endowment Interest Income	Income	Restricted Endowment Interest Income
	44300	Rest Endowment Unreal Gain/Loss	Income	Restricted Endowment Unrealized Gain/Loss
	44400	Rest Endowment Real Gain/Loss	Income	Restricted Endowment Realized Gain/Loss
45000		**GENERAL FUNDRAISING INCOME**	Income	Header account - Money received from fundraising events. These accounts should be recorded as net income - both the revenue and expenses should be recorded here. (45100-45900)
	45100	Bingo	Income	Bingo - Report NET Profit
	45200	Festival	Income	Festival - Report NET Profit
	45300	Activity Fees	Income	Activity Fees - Report NET Profit
	45400	Raffles	Income	Raffles-Report NET Profit
	45600	SCRIP	Income	Income from the sale of SCRIP
	45900	Other Fund Raisers	Income	Other Fund Raisers - Report NET Profit
46100		**RELIGIOUS EDUCATION INCOME**	Income	Header account - Cash receipts associated with the catechetical services to Religious Education (46110-46150)
	46110	RE Tuition/Registration	Income	
	46130	RE Transportation Fees	Income	
	46140	RE Donations	Income	
	46150	RE Fundraising	Income	Record as net (both income and expense to this account)
46500		**YOUTH MINISTRY INCOME - YM**	Income	Header account - Cash receipts associated with the catechetical services to the Youth Ministry (46510-46550)
	46510	YM Donations	Income	
	46540	YM Fundraising	Income	Record as net (both income and expense to this account)
	46550	YM Trips	Income	
46700		**ADULT EDUCATION PROGRAM INCOME**	Income	Header account - Cash receipts associated with the Adult Education Program Income (46710-46750)
	46710	AE Tuition/Registration	Income	
	46730	AE Transportation Fees	Income	
	46740	AE Donations	Income	
	46750	AE Fundraising	Income	Record as net (both income and expense to this account)
47000		**UNREST CONTRIBUTION & DONATION**	Income	Header account - Contributions & Donations which are unrestricted for use.
	47100	Unrest General Contributions	Income	Any unrestricted contributions which do not fit in another account.
	47200	Unrestricted Bequests	Income	Money bequeathed and unrestricted for use
48000		**REST CONTRIBUTIONS & DONATIONS**	Income	Header account - Contributions & Donations restricted for use.
	48100	Restrict Bequest Fund Contributions	Income	Money bequeathed for a restricted use.
	48110	Restrict Endowment Fund Contributions	Income	Money contributed for the endowment.
	48120	Stipend Fee Income	Income	Money paid to the parish for Mass Intentions

	48130		Other Restricted Contributions	Income	All other restricted contributions - must keep track of these funds (probably on a spreadsheet) and be sure that they remain in temporarily restricted equity until spent for their intended purpose.
48400			**AUXILIARY ORGANIZATIONS-INCOME**	Income	Header account - List each organization separately (e.g. 48401, 48402, 48403 or 4840001,4840002,4840003)
48500			**OTHER INCOME**	Income	Header account - All forms of income other than donations and contributions.
	48560		Catholic Herald	Income	Cash receipts from the Catholic Herald
	48570		Grants	Income	Cash receipts from grants
	48580		Rental Property Income	Income	Cash receipts from rental property
	48590		Miscellaneous Income	Income	Other cash receipts not categorized above; use this account sparingly and add memo for clarification
49500			**SCHOOL INCOME**	Income	Header account - School Revenue
	49510		School Tuition	Income	Money received for school tuition
	49520		School Fees	Income	Money received for school fees
	49530		School Fundraising	Income	Money received from school fundraising (record as net)
	49540		School Parish Support/Subsidy	Income	Money received from parish to support the school
	49550		**Athletic Program Income**	Income	Header account - Money received from school athletic programs (49551-49554)
		49551	Admissions Income-Athletic	Income	Money received from admissions
		49552	Donations/Booster Inc-Athletic	Income	Money received from booster/athletic groups
		49553	Concessions Income-Athletic	Income	Money received from concessions
		49554	Other Athletic Income	Income	Money not allocable to the above accounts; use memo
	49560		School Lunch Income	Income	Money received for School Lunch
	49570		Student Activities Income	Income	Money received for Student Activities; use memo
	49580		Preschool Program Income	Income	Money received for Preschool program
	49590		Day Care Program Income	Income	Money received for Daycare
	49600		Extended Day Service Income	Income	Money received for Extended Day Service
	49610		Tutoring Program Income	Income	Money received for Tutoring
	49620		Foundation/Grant Income	Income	Money received to fund some aspect of school programs
	49630		**Subsidy**	Income	Header account - Money received from outside sources to fund school operations (49631-49636)
		49631	Subsidy-Government Bus	Income	Subsidy received for the cost of busing
		49632	Subsidy-Government Cafeteria	Income	Subsidy received for the cost of lunch
		49633	Subsidy-Textbooks	Income	Subsidy received for the cost of textbooks
		49634	Subsidy-Other	Income	Subsidy uncategorized; needs a memo
		49635	Sale of Supplies	Income	Money received from the sale of supplies
		49636	Vending Income	Income	Money received from Vending
	49650		Tuition Assistance	Income	Money received for Tuition Assistance
	49660		Restricted School Donations	Income	Donations to the school which are restricted in use by the donor

	49670			Unrestricted School Donations	Income	Donations to the school which are not restricted in use
49900				**CEMETERY INCOME**	Income	Header account - Money received from the operation of the cemetery (49910-49920)
	49910			Cemetery Sales	Income	
	49920			Cemetery Perpetual Care Income	Income	
50000				**PARISH EXPENSES**	Expense	Header Account - All expenses applicable to parish, school and/or cemetery operations (be sure to use classifications properly)
	50010			**Salaries & Wages**	Expense	Header account - All salaries and wages
		50100		Salaries/Wages Administration	Expense	Header account - Salaries and wages for priests and office staff (50110-50120)
			50110	Clergy Salaries	Expense	
			50120	Office Staff Salaries/Wages	Expense	
		50200		Salaries/Wages Liturgical	Expense	
		50250		Salaries/Wages Operations/Maintenance	Expense	
		50300		Salaries/Wages Rectory	Expense	
		50350		Salaries/Wages Religious Education	Expense	
		50400		Salaries/Wages Youth Ministry	Expense	
		50450		Salaries/Wages Adult Education	Expense	
		50500		Salaries/Wages School	Expense	Header account - Salaries and wages for school personnel (50510-50570)
			50510	Instructional Salaries-School	Expense	
			50520	Support Salaries-School	Expense	
			50530	Operation/Maintenance Salaries-School	Expense	
			50535	Hot Lunch Program Salaries	Expense	
			50540	Preschool Salaries	Expense	
			50550	Day Care Salaries	Expense	
			50560	Extended Day Service Salaries	Expense	
			50570	Tutoring Salaries	Expense	
		50600		Salaries/Wages Cemetery	Expense	
	50900			**Benefits & Insurance**	Expense	Header account - All Benefits and Insurance Expense
		50910		Benefits-Clergy	Expense	Header account - Benefits and insurance paid by the parish for clergy (50911-50918)
			50911	Health Insurance	Expense	Parish expense for priest's health insurance
			50912	Retirement Plan - Clergy	Expense	Parish expense for priest's retirement plan
			50913	SS Supplement - Clergy	Expense	Social Security supplement (add to W-2)
			50914	Housing Allowance - Clergy	Expense	Housing allowance (add to W-2)
			50915	Stipend Fees - Clergy	Expense	Mass Stipends paid to priests (add to W-2)
			50916	Auto Allowance - Clergy	Expense	Auto allowance (add to W-2)
			50917	Continuing Education - Clergy	Expense	Continuing education (add to W-2)
			50918	Meal Allowance - Clergy	Expense	Meal allowance (add to W-2)

	50920		Benefits-Lay	Expense	Header account - Benefits paid by the parish for lay employees (50921-50927)
		50921	Health Insurance	Expense	
		50922	Dental Insurance	Expense	
		50923	Life Insurance	Expense	
		50924	Worker's Comp/Disability Insurance	Expense	
		50925	Retirement Benefit	Expense	
		50926	FICA/Medicare Tax	Expense	
		50927	Unemployment Insurance (CUPP Program)	Expense	Catholic parishes are exempt from unemployment tax; however, a parish may opt to participate in CUPP (Church Unemployment Pay Program)
51000			**Liturgical Expense**	Expense	Header account - Expenses related to the Liturgy
	51100		Worship Expense	Expense	Header account - Expenses related to the worship of the Liturgy (51110-51190)
		51110	Altar Breads	Expense	
		51120	Altar Wine	Expense	
		51130	Altar Candles	Expense	
		51140	Altar Linens Expense	Expense	
		51150	Flowers	Expense	
		51160	Vestments Expense	Expense	
		51170	Congregation & Worship Books	Expense	Congregation & Worship Books-Missalettes, Mass Books, Novena Books, Baptism Books Missals & Lectionaries
		51180	Novena Expense	Expense	
		51190	Other Worship Expense	Expense	(Use memo field for further clarification)
	51200		Ministerial Expense	Expense	
	51300		Liturgical Furnishings	Expense	
	51400		Visiting Clergy - Honoraria	Expense	
	51500		Other Liturgical Expense	Expense	(Use memo field for further clarification)
52000			**Administration Expense**	Expense	Header account - Expenses related to administration
	52100		Telecommunications	Expense	
	52200		Office Materials & Supplies	Expense	
	52300		Postage	Expense	
	52400		Office Furnishings & Equipment	Expense	
	52500		Communications/Public Relations	Expense	Header account - expenses relating to communications (52510-52540)
		52510	Bulletins	Expense	
		52530	Publications	Expense	
		52540	Other Communication/Public Relations	Expense	(Use memo field for further clarification)
	52600		Dues & Subscriptions	Expense	
	52700		Catholic Herald Newspaper	Expense	
	52800		Contracted Services	Expense	Header account - expenses for contracted services - send 1099 at calendar year end (52810-52850)
		52810	Legal Fees	Expense	
		52820	Accounting Fees	Expense	

		52830	Payroll Service	Expense	
		52840	Bookkeeping Service	Expense	
		52850	Other Professional Services	Expense	(Use memo field for further clarification)
	52900		Other Administrative Expenses	Expense	Header account - less frequently incurred administrative expenses (52910-52950)
		52910	Rental Property RE Tax	Expense	
		52920	Interest Expense	Expense	
		52930	Bank Fees	Expense	
		52940	Background Checks	Expense	
		52950	Other Misc. Admin Expense	Expense	(Use memo field for further clarification)
53000			**Operation & Maintenance Expense**	Expense	Header account - Expenses related to Operations and Maintenance
	53100		Maint Materials & Supplies	Expense	
	53200		Maintenance Equipment	Expense	
	53250		Property & Liability Insurance	Expense	
	53300		Utilities	Expense	Header account - utilities expenses - use classifications properly (53310-53390)
		53310	Electric	Expense	
		53320	Gas	Expense	
		53330	Oil	Expense	
		53340	Water	Expense	
		53350	Sewage	Expense	
		53390	Other Utilities	Expense	(Use memo field for further clarification)
	53400		Upkeep of Property	Expense	Header account - expenses for repairs and maintenance (53420-53440)
		53420	Repair/Maint Buildings	Expense	
		53430	Repair/Maint Furniture/Equip	Expense	
		53440	Repair/Maint Grounds	Expense	
	53500		Contracted Services	Expense	Header account - contracted services related to operations/maintenance (53520-53580)
		53520	Independent Contract-Janitorial Services	Expense	
		53530	Pest Control	Expense	
		53540	Rubbish Collection	Expense	
		53550	Heating & Cooling	Expense	
		53560	Snow Removal	Expense	
		53570	Lawn Care Service	Expense	
		53580	Other Contracted Service	Expense	(Use memo field for further clarification)
54000			**Rectory Expense**	Expense	Header account - expenses related to the rectory
	54100		Household Expense	Expense	
	54200		Furnishings & Equipment	Expense	
	54300		Utilities - Rectory	Expense	Header account - utility expenses for the rectory (54310-54360)
		54310	Electric - Rectory	Expense	
		54320	Gas - Rectory	Expense	
		54330	Oil - Rectory	Expense	
		54340	Water - Rectory	Expense	

		54350	Sewage - Rectory	Expense	
		54360	Other Utilities - Rectory	Expense	(Use memo field for further clarification)
	54400		Upkeep of Rectory	Expense	Header account - expenses for repairs and maintenance of the rectory (54420-54440)
		54420	Repair/Main Rectory Building	Expense	
		54430	Repair/Main Rectory Furn/Equip	Expense	
		54440	Repair/Main Rectory Grounds	Expense	
	54900		Other Misc. Rectory Expense	Expense	(Use memo field for further clarification)
56000			**Religious Ed Program Expense**	Expense	Header account - Expenses related to the Religious Ed Program
	56100		Telecommunications - RE	Expense	
	56110		Office Materials & Supplies RE	Expense	
	56115		Postage RE	Expense	
	56120		Furnishings & Equipment - RE	Expense	
	56130		Utilities - RE	Expense	
	56140		Upkeep of Religious Education Property	Expense	
	56150		Teacher Training & Conferences	Expense	
	56160		Refreshments - RE	Expense	
	56170		Transportation - RE	Expense	
	56180		Teaching Materials & Supplies - RE	Expense	
	56190		Other Miscellaneous Expense RE	Expense	(Use memo field for further clarification)
56300			**Youth Ministry Expense - YM**	Expense	Header account - Expenses related to the Youth Ministry Program
	56310		Telecommunications - YM	Expense	
	56330		Office Materials & Supplies YM	Expense	
	56350		Postage - YM	Expense	
	56360		Refreshments - YM	Expense	
	56370		Transportation - YM	Expense	
	56390		Other Miscellaneous Expense YM	Expense	(Use memo field for further clarification)
56500			**Adult Education Expense - AE**	Expense	Header account - Expenses related to the Adult Education Program
	56510		Telecommunications - AE	Expense	
	56530		Office Materials & Supplies AE	Expense	
	56550		Postage - AE	Expense	
	56560		Refreshments - AE	Expense	
	56570		Transportation - AE	Expense	
	56580		Teaching Materials & Supplies - AE	Expense	
	56590		Other Miscellaneous Expense AE	Expense	(Use memo field for further clarification)
56700			**Social Services Expense**	Expense	Header account - Expenses related to Social Services

	56705		Outreach Ministry	Expense	
	56710		Telecommunications - SS	Expense	
	56730		Office Materials & Supplies SS	Expense	
	56750		Postage - SS	Expense	
	56760		Refreshment - SS	Expense	
	56770		Transportation - SS	Expense	
	56790		Other Miscellaneous Expense SS	Expense	(Use memo field for further clarification)
56800			Auxiliary Organization Expense	Expense	Header account - Expenses incurred by the auxiliary organizations. Each organization should be listed separately with its own sub-account number. The sub-account number for the expense should match the sub-account number for the income for each given auxiliary organization (e.g. CCW income account number is 48401 or 4840001 and CCW expense account number is 56801 or 5680001)
58000			**Depreciation Expense**	Expense	Header account - Depreciation expense
	58200		Depreciation-Land Improvements	Expense	
	58300		Depreciation-Buildings	Expense	
	58400		Depreciation-Building Improvements	Expense	
	58500		Depreciation-Office Furniture/Fixtures	Expense	
	58600		Depreciation-Equipment	Expense	
	58700		Depreciation-Vehicles	Expense	
60000			**SCHOOL EXPENSES**	Expense	Header account - Expenses unique to the school
61000			**Instructional Expenses**	Expense	Header account - Instructional expenses for the school (61050-61357)
	61050		Textbooks - Instruction	Expense	
	61100		Consumable Instructional Materials/Supplies	Expense	Instructional materials which will be consumed in the teaching-learning process (e.g.: chalk, test tubes, ink, pencils, paints, paint brushes, crayons)
	61150		NonConsum Instruc. Materials/Supplies	Expense	Instructional materials that will last more than one year (e.g.: books, periodicals, musical scores, maps, charts, globe, video/sound recordings)
	61200		Instructional Equipment	Expense	
	61250		Library Materials - Instruction	Expense	
	61300		Guidance Material - Instruction	Expense	
	61350		Teacher Training/Continuing Education	Expense	Header account - Expenses related to continuing education for the teachers (61351-61357)
		61351	Continuing Education Reimbursement	Expense	
		61352	Dues	Expense	
		61353	Fees	Expense	
		61354	Memberships	Expense	
		61355	Workshops	Expense	
		61356	Faculty Meetings	Expense	
		61357	Other	Expense	(Use memo field for further clarification)
	61400		Misc. Instructional Expense	Expense	(Use memo field for further clarification)

62000			Student Per Capita Assessment Fee	Expense	
63000			**Non-Operational Expenses**	Expense	Header account - Non-operational expenses related to the school (63050-63400)
	63050		Athletic Program Expense	Expense	Header account - Athletic program expenses for the school (63051-63058)
		63051	Materials & Supplies-Athletic	Expense	
		63052	Uniforms & Equipment-Athletic	Expense	
		63053	Official Fees-Athletic	Expense	
		63054	Booster Expense-Athletic	Expense	
		63055	Rental of Facilities/Equipment-Athletic	Expense	
		63056	Concession Expense-Athletic	Expense	
		63057	Travel Expense-Athletic	Expense	
		63058	Other Athletic Expense	Expense	(Use memo field for further clarification)
	63100		School Lunch Program Expense	Expense	Header account - School lunch program expenses (63105-63125)
		63105	State Commodities	Expense	
		63110	Staples	Expense	
		63115	Food	Expense	
		63120	Supplies	Expense	
		63125	Other School Lunch Expenses	Expense	(Use memo field for further clarification)
	63150		Student Activities Expense	Expense	Header account - Student activities expenses (63151-63153)
		63151	Student Donation to Outside Organization	Expense	
		63152	Student Org. Fundraising Expense	Expense	
		63153	Student Travel Expense	Expense	
		63154	Other Student Activities Exp	Expense	
	63200		Preschool Program (PRE) Expense	Expense	Header account - Preschool program expenses(63201-63205)
		63201	Materials & Supplies - PRE	Expense	
		63202	Postage - PRE	Expense	
		63203	Furniture/Equipment - PRE	Expense	
		63204	Refreshments - PRE	Expense	
		63205	Other Preschool Expenses	Expense	(Use memo field for further clarification)
	63250		Day Care Program (DC) Expense	Expense	Header account - Daycare program expenses (63251-63255)
		63251	Materials & Supplies - DC	Expense	
		63252	Postage - DC	Expense	
		63253	Furniture/Equipment - DC	Expense	
		63254	Refreshments - DC	Expense	
		63255	Other Day Care Expenses	Expense	(Use memo field for further clarification)
	63300		Extended Day Service (EDS) Expense	Expense	Header account - Extended day service expenses (63301-63305)
		63301	Materials & Supplies - EDS	Expense	

		63302	Postage - EDS	Expense	
		63303	Furniture/Equipment - EDS	Expense	
		63304	Refreshments - EDS	Expense	
		63305	Other Extended Day Service Expense	Expense	(Use memo field for further clarification)
	63350		Tutoring Program Expense	Expense	
	63400		Misc. Non-operational School Expenses	Expense	
70000			**CEMETERY EXPENSES**	Expense	Header account - Expenses related only to the cemetery
70100			**Cemetery Maintenance**	Expense	Header account - Expenses for cemetery maintenance (70105-70145)
	70105		Landscaping	Expense	
	70110		Parking Lost/Roadways/Sidewalks	Expense	
	70115		Equipment Rental	Expense	
	70120		Vehicle Maintenance	Expense	
	70152		Equipment Maintenance	Expense	
	70130		Propane	Expense	
	70135		Truck Fuel	Expense	
	70140		Off-Road Fuel	Expense	
	70145		Miscellaneous Cemetery Maintenance	Expense	(Use memo field for further clarification)
70200			**Grave Expenses**	Expense	Header account - Expenses related to the graves (70205-70215)
	70205		Vaults	Expense	
	70210		Cremation Urns	Expense	
	70215		Urn Vaults	Expense	
70300			**Memorial/Inscription Expenses**	Expense	Header account - Expenses for memorial/inscriptions (70305-70335)
	70305		Marker Base	Expense	
	70310		Cement Foundation	Expense	
	70315		Vases	Expense	
	70320		Marker/Memorialization	Expense	
	70325		Inscriptions	Expense	
	70330		Lettering	Expense	
	70335		Wreaths	Expense	
85100			**PROCEEDS FROM SALE OF ASSETS**	Other Income	Header account - Proceeds from sale of assets (85110-52160)
85110			Land Sale	Other Income	
85120			Buildings Sale	Other Income	
85130			Equipment Sale	Other Income	
85140			Statues Sale	Other Income	
85150			Works of Art Sale	Other Income	
85160			Other Sales	Other Income	(Use memo field for further clarification)

85200		**PROCEEDS FROM INSURANCE CLAIMS**	Other Income	Proceeds from insurance claims are recorded here. The repairs to be covered by insurance claim are charged to #85400.
85300		**ARCHITECTURAL EXPENSE**	Other Expense	Architectural expenses for feasibility studies of potential projects
	85310	Feasibility Studies - Potential	Other Expense	
85500		**CAPITAL ASSET VALUE ADJUSTMENT**	Other Expense	Rectify the Overstatement of Capital Assets
85400		**REPAIRS EXPENSE COVERED BY INSURANCE**	Other Expense	Repair expenses which will be covered by insurance claims. The proceeds of the insurance claim will be recorded to #85200.
85600		**EXTRAORDINARY LOSS**	Other Expense	Significant Losses resulting from an isolated incident which is not covered by insurance. Use the memo field for further clarification.
85700		**ASSESSMENT EXPENSE**	Other Expense	Assessment charged by the Diocese.
85900		**SCHOOL SUBSIDY EXPENSE**	Other Expense	Expense of parish support for the school

Diocese of Madison
Parish Internal Control Questionnaire

Parish and Location: _____

Pastor/Administrator: _____

Bookkeeper: _____

Purpose:

The recommendations of the USCCB Accounting Practices Committee and the diocesan Accounting Guidelines for Parishes call for the Parish Finance Council to conduct an annual review of the internal controls of the parish. This questionnaire is designed to provide a tool for an efficient and effective evaluation of the accounting controls and financial management procedures used in the parish. The answers to these questions will assist in improving the quality of financial reports as well as enhance the security of your assets.

Instructions:

Please answer each of the questions and identify the person(s) completing the questionnaire. The Finance Council and Lay Trustees should review the questionnaire and make recommendations for change based on the information gathered. Please send the completed form to Parish Administrative Services and retain a copy of the completed questionnaire in your parish permanent records.

If you have any questions or concerns relating to this questionnaire, please contact Parish Administrative Services.

Prepared By:

_____ _____
Pastor/Administrator Date

_____ _____
Bookkeeper/Accountant Date

Reviewed By:

_____ _____
Parish Treasurer Trustee Date

_____ _____
Parish Secretary Trustee Date

Introduction

Administration of parish finances is a sacred trust. It is very important that the pastor and trustees establish a strong system of internal control because they have the responsibility for overall stewardship

of the parish. This document provides a tool for an annual review by the Trustees and Finance Council of the normal controls that should be in place in all parishes.

Bank Accounts

Internal Control Objective: Number of Bank Accounts – The number of accounts should be kept to a minimum. This generally helps to streamline the accounting process.

What is the primary financial institution used by the parish?

What other financial institutions are used?

How many accounts does the parish have?

Checking _____

Savings _____

Investment _____

Are there any dormant accounts (accounts with no transactions in the previous fiscal year)? Yes or No

Please list such accounts:

Internal Control Objective: Name on Bank and Investment Accounts

All accounts should be opened in the name of the entity (parish or school), never an individual. The mailing address should not be a private address. Only officials designated by Corporate Resolution should be permitted to open and close bank accounts.

Are all bank and investment accounts in the name of the parish? Yes or No

Is the Pastor a signer on all open bank and investment accounts? Yes or No

Is the mailing address the address of the parish or school? Yes or No

Have any accounts been opened or closed in the past fiscal year? Yes or No

If Yes, which accounts and who opened or closed the account(s)?

List all parish bank and investment accounts (include all societies, guilds, associated and affiliated organizations, bingo, festival, fund raising, mass stipends, etc.) (The abbreviations FIA and GLA stand for Financial Institution & Account # and General Ledger Account's # respectively) (the final Y/N asks "Is the bank statement sent directly to the pastor/administrator Yes/No")

Account Name	FIA	Authorized Signatures	GLA	Y/N

Parish Organizations Bank and Investment Accounts

Account Name	FIA	Authorized Signatures	GLA	Y/N

Investment	No. of Shares or Face Value	Current Market Value

Internal Control Objective: Authorized Check Signers

Authorized check signers should be very limited. The pastor/administrator must be included as an authorized signer on all bank and investment accounts as administrator of the parish/school and its affiliated organizations. Individuals with access to record entries in the accounting records and who receive and process cash receipts should not be authorized signers. This separates the duties of those with control over cash to insulate the individual from any implication of wrongdoing.

When there is a change in signers (ex. if a trustee is a signer and rotates off), the bank should be notified as soon as possible via a change in signature cards.

Is the pastor/administrator an authorized signature on all bank and investment accounts (including those of affiliated organizations)? Yes or No

Is the bookkeeper (person who maintains QuickBooks) an authorized check signer on any checking, savings or investment account? Yes or No

Are bank signature cards changed on a timely basis when there is a change in signers? Yes or No

Internal Control Objective: Signature Stamps

A signature stamp should never be used. In fact, it is strongly recommended that signature stamps be destroyed. In this way, all cash outflow is properly reviewed and authorized.

Is a signature stamp utilized for signing checks? Yes or No

If yes, whose name is on the stamp?

Where is the stamp stored?

Internal Control Objective: Bank Statements

All bank statements and cancelled checks should be received directly by the pastor/administrator. This person should open and review to ensure a) payees are valid and signatures are authentic, b) endorsements, if available, appear genuine c) all other transactions have been authorized and d) the balance appears reasonable.

Who receives the bank and investment statements?

Do all bank and investment statements go to the same person? Yes or No
If No, please explain.

Does the person who receives the bank and investment statements:

Open and review to ensure payees are valid and signatures are authentic? Yes or No

Review that endorsements, if available, appear genuine? Yes or No

Review other transactions for authorization? Yes or No

Review balances for reasonableness. Yes or No

Internal Control Objective: Bank Reconciliations

Bank reconciliations should be performed on a timely basis, preferably within ten days of receipt of the bank statement. This helps to ensure that any errors can be found and corrected promptly by either the bank or the parish. A member of the finance committee or the pastor/administrator should review the reconciliations on a monthly basis, dating them and signing off. The review should consist of a review of the cancelled checks and deposit receipts for any irregularities; ending balance of the bank reconciliation should equal the cash balance on the balance sheet and the checkbook at the end of each month; and outstanding checks, deposit activity and canceled checks should be reviewed for obvious inconsistencies.

Who is responsible for monthly bank statement reconciliations?

Who reviews the monthly bank statement reconciliations?

Are the bank accounts reconciled in a timely manner after the end of each month? Yes or No
How long after receipt of bank statements?

Are bank reconciliations prepared by a person independent of the check signing? Yes or No

Internal Control Objective: Accounts

Any and all checking, savings, and investment accounts should be included on the parish/school general ledger (see section Affiliated Organizations.) This helps guarantee that the financial statements are accurate and allows the Finance Council and the diocese to have a complete picture of the finances of the parish/school.

Are all bank and investment accounts (including those of associated and affiliated organizations) included on the financial statements? Yes or No

If No, please provide a listing of those **NOT** included.

Account Name	Financial Institution and Account #	Authorized Signatures
_____	_____	_____
_____	_____	_____
_____	_____	_____

Internal Control Objective: ACH/EFT transfers, Wire transfers

It is strongly recommended that the pastor/administrator be the only individual that "releases" the funds — wire transfers, ACH payroll deposits, 403-B deposits etc. The pastor/administrator should be the system administrator of the bank password and software. He should sign and date the bank report that lists details of all transactions. In the event an outside payroll service is used,

or there are ACH payroll transfers made, at a minimum, the pastor should be signing off and reviewing every report processed by the bookkeeper.

If the bank's software makes it possible for the system administrator to set up two people to release funds — each with their own confidential password — it is recommended that two individuals jointly process a transaction. Not all bank software is programmed with this capability therefore it is important that the pastor be the person releasing funds or carefully reviewing all bank transactions on a timely basis.

Do you receive any income electronically? Yes or No
If yes, please describe the nature of the income and procedures used to receive and record the income.

Are any disbursements made electronically (ACH transfers, wire transfers, etc.)? Yes or No

If Yes, please describe the nature of the transaction, and the method of authorizing and recording the transactions.

Cash Receipts – Weekly Collections

Internal Control Objective: Ushers

Immediately following the collection, the monies should be secured. Use of pre-numbered plastic security bags is strongly recommended. These security bags should be used in the Church immediately by the ushers once the collection has been made and **before the monies are taken to the Altar**. Please note that although this is the preferred procedure, it is understood that it may not be practical. Therefore, placement of the funds in the security bag immediately following Mass will fulfill this requirement. The security bags should be signed and dated. The bags should remain sealed and should only be opened in the presence of two or more people who count the funds. In the event the Parish is depositing funds straight into the lockbox for counting, the bag(s) should not be opened before depositing in the lockbox. A log of the bags used is to be maintained.

It is customary to bring the collection to the Altar during the Offertory Procession. After the Mass, the collection should be transferred by the ushers to a secure place (i.e. safe, locked cabinet, bank lock-box).

Where are collections kept during Mass and after Mass until counted?

Are pre-numbered plastic security bags used? Yes or No

If Yes, when is the money put in the bags?

When are the bags opened?

Internal Control Objective: Counters

A committee of several people, divided into teams, should be established to count the weekend collection. Close relatives or husband and wife teams should not be allowed.

All counters must undergo a background screen before they are allowed to count the collection.

Under no circumstance, should you have only one individual count and deposit the collections. Nor should the bookkeeper or the pastor perform the count and make the deposit.

The members of the team should be rotated every week or at other appropriate intervals. They should be responsible for counting the money, completing the deposit summary report, preparing the deposit slip and taking the monies to the bank.

Is the weekly collection counted in a secure area or location? Yes or No Where? _____

How many counters are used weekly? _____ Yearly? _____

Are all count teams composed of at least two non-related individuals? Yes or No

Have all counters been screened? Yes or No

Is paperwork kept on file? Yes or No

Are counters rotated? Yes or No If Yes, how often? _____

Internal Control Objective: Counting Process

All monies collected must be deposited intact. No cash should ever be taken or exchanged from the collections or cash received in the office.

Endorsements — the back of each check should be immediately endorsed with the parish stamp, which should have the parish name, bank account number and say "For Deposit Only."

The deposit summary will designate all money. In order to complete the report, the envelopes will need to be sorted by type (e.g. weekly envelopes, building fund, ADA) and a calculator tape must be attached to the group of envelopes. These totals must be transferred to the deposit summary report.

The deposit summary must be accurately filled out, and members of the team must sign and date the report. The deposit summary should agree to the deposit slip.

The deposit slip can list each check by parishioner, or the checks must be included with the deposit summary report. A duplicate deposit slip must be attached to the deposit summary. The validated deposit slip from the bank must also be attached to the deposit summary.

Envelopes should be reconciled to the individual parishioner's account (on ParishSOFT). The totals of the posting to the parishioners' accounts should tie to total of the envelopes and the deposit summary.

We ask you to encourage the use of checks, automatic account withdrawals and envelopes. It is a good internal control.

Envelopes should be retained for a period of one calendar year preceding the individual personal income tax filing date of the subsequent year.

Is any money taken from the loose collection before it is counted? Yes or No

Is the cashing of personal checks out of the loose collection prohibited? Yes or No

Are checks immediately endorsed with the parish stamp "For Deposit Only?" Yes or No

Is the amount of the offering indicated (in ink) on the outside of the envelope for subsequent posting to parishioners' records? Yes or No

Is a deposit summary form (count sheet) prepared and signed? Yes or No
If Yes, by whom?

Is this summary used to prepare bank deposit slips? Yes or No
Who prepares the deposit slip?

Are the envelopes reconciled to the individual parishioner's accounts? Yes or No
If Yes, by whom?

Are the envelopes retained for at least one calendar year preceding the individual personal income tax filing deadline of the subsequent year? Yes or No

Is a deposit summary form sent directly to the person responsible for the cash recording functions? Yes or No

Internal Control Objective: Making the deposit

The deposit is to be made preferably on Sunday. The funds should be deposited in the night drop box. If this is not possible, the funds should still be placed in a security bag, and put in the safe overnight for deposit on Monday morning.

The Bookkeeper should reconcile the deposit slips, the deposit summary report, and the posting to the individual parishioners' accounts.

Who makes the bank deposit?

Where are funds kept until they are deposited?

When is the deposit made?

Who compares the deposit summary form to the validated deposit slip?

If a difference exists between the deposit summary form and the validated deposit slip, how is this difference resolved?

Who is responsible for recording deposits?

What software is used to track parishioner contribution records? (Manually, ParishSOFT or PDS)

Who is responsible for posting collections to individual parishioners' contribution records?

Is this person independent of the counting process? Yes or No

When are collections posted to individual parishioners' contribution records?

Is a reconciliation prepared between the amounts posted to individual parishioners' contribution records and the envelope amount plus loose collections indicated on the deposit slip or count sheet? Yes or No

Who performs this reconciliation?

Internal Control Objective: Acknowledging donations

To deduct any charitable donation of money, a taxpayer must have a bank record or a written communication from the charity showing the name of the charity and the date and amount of the contribution. Annually all parishioners should be given a statement that meets the IRS requirements. Additionally, any single donation of $250 or more must receive a written acknowledgement.

How often are contribution statements sent to parishioners?

Are contribution statements sent to **all parishioners** or only to ones who have contributed?

Are written acknowledgements sent to parishioners who make a single donation of $250 or greater? Yes or No

Cash Receipts – Other

Internal Control Objective:

1. Processing of cash receipts (opening mail, preparing the deposit, making the deposit) should be done by an individual (two together if possible) who does not enter the information in the accounting records.

2. Written, two-part receipts (carbon and original) should be given for all cash received through the parish/school office. A receipt book should be purchased with numerical sequencing.
3. All checks should be restrictively endorsed "for deposit only" with the parish name and account number as soon as they are received. This ensures that any lost or stolen checks cannot be cashed or deposited to any other account.
4. Donations should be recorded in the proper year. The postmark date on the mailing envelope should be used to record the date received at year-end. Checks received after December 31 and postmarked later than year-end should be recorded in the following year. Checks received thru the offertory collection baskets should be recorded on the date received as opposed to the date of the check.
5. If receipts are processed in batches, the batch total should match the deposit total and the total of the receipts in the receipt book. This is another way to verify the accuracy of the information being entered in the general ledger.
6. All receipts/payments should be recorded in the general ledger. This provides that the records are complete and accurate. It also helps the Finance Council as they plan and budget.
7. Deposits should be made on a daily basis, or as soon as feasible. If cash/checks are received and not deposited to the bank the day they are received, they should be kept in a locked, fireproof location. No cash or checks should be retained in the office for longer than five days, so as to safeguard the asset from theft or loss.

Who opens the mail in the parish office?

Who receives funds in the parish office?

Who makes the deposit?

Who enters the deposit in the accounting records (QuickBooks)?

Are pre-numbered receipts issued for cash received other than collections? Yes or No

Are checks restrictively endorsed "for deposit only?" Yes or No

Do you receive income from any of the following sources?

Rental of parish hall? Yes or No

Other parish/school facilities? Yes or No

Use of parking lot on weekends or nights? Yes or No

Advertising in the parish bulletin? Yes or No

SCRIP? Yes or No

Other? (Please identify)

When are deposits made for non-weekend collections?

Cash Disbursements

Internal Control Objective: Pre-numbered checks

All disbursements should be made with pre-numbered checks (except the obvious case when petty cash is used) and should be recorded in the general ledger. Cash should not be used to pay vendors or employees.

Are checks pre-numbered and used in sequence? Yes or No

Are any vendors or employees paid with cash? Yes or No

Internal Control Objective: Filling out Blank Checks ahead of Time

Blank or partially blank checks should never be signed. The practice of signing blank checks severely decreases the effectiveness of other cash controls established related to accuracy and propriety of transactions. Checks should only be signed when the payee and dollar amount are filled in and the supporting documentation (original invoice and check request) is with the check so it can be reviewed by the signer. Having this information readily available makes the process more efficient if there is a question related to an expense.

Is the signing of blank checks prohibited? Yes or No

Is the supporting documentation available to the check signer at the time he/she signs the check? Yes or No

Internal Control Objective: Voided Checks

If a mistake is made when preparing a check, the check should be voided before preparing a new one. The voided check should then be altered to prevent its use, retained to make sure all pre-numbered checks are accounted for and filed with other checks for a permanent record.

Where are voided checks kept?

Internal Control Objective: Check Stock

Blank check stock should be kept in a locked location, preferably in a safe or fireproof filing cabinet, and with access limited to those who are authorized to prepare checks. This helps reduce the risk of stolen checks. The blank check stock should be regularly inventoried.

Where are unused checks kept?

How often is the blank check stock inventoried?

Internal Control Objective: Purchase Authorizations

The use of purchase authorization forms should be considered particularly in larger parishes/schools. Purchase orders are used to document up front what was ordered, the individual or department placing the order, and the approval. The parish/school should have an established policy stating who is authorized to make purchases and in what amounts. Efficiency will be improved if there are not an abundance of individuals placing orders and duplication of orders will be reduced.

When purchased items are received, they should be matched with the invoice to be sure that the items received were, in fact, what was ordered and invoiced and that the quantity is correct.

Are purchase orders used? Yes or No

Who has the authority to purchase and place orders?

How are purchases listed on the invoice verified?

Internal Control Objective: Purchasing Property, Loans, Leases, Signing Contracts for Capital Projects, Fund Drives

The Diocese of Madison recommends that each parish or diocesan institution is to have formal approval of its Board of Directors for the entering of contracts, the borrowing of money, the purchase or sale of property, the encumbrance of property by lease or mortgage, or expenditure of parish funds of or exceeding $5,000.

Have formal approvals been received for the expenditures listed above? Yes or No

If Yes, list approvals received.

Internal Control Objective: Vendor Invoice Processing

When the invoice is received, accuracy of the invoice (including quantity received and price) should be verified by the individual who placed the order. They should then prepare a check request (or note on the face of the invoice) with their initials as approval, amount to be paid, date, and general ledger account to be charged. The individual who approves invoices for payment should not have access to the accounting records. Again, this separation of duties helps ensure accuracy of the transactions.

Who initially receives and opens the mail?

Are invoices reviewed and approved for receipt of goods and services? Yes or No

Explain how the approval is documented and by whom.

Are invoices or requests for expense reimbursement supported by appropriate receipts and /or approval indicating receipt of goods or services? Yes or No

Are invoices reviewed and approved for mathematical accuracy? Yes or No By whom?

Are invoices reviewed and approved for account distribution? Yes or No

Explain how the approval is documented and by whom.

Internal Control Objective: Expense Reimbursements

The most efficient and accurate method for reimbursing employees for expenses they incurred on behalf of the parish is to have them complete and sign an expense report form. The standard form would include the reason for the expense, the department, the account number to be charged, their signature and the signature of the supervisor approving the expense (usually the pastor). Expense reports should be completed on a timely basis so that the accounting records will reflect the expense in the correct month (rather than an employee completing an expense report form that covers, for example, the last six months).

Is there a standard Expense Report Form? Yes or No

Does the form include the reason for the expense, the department, the account number to be charged, the signature of the person requesting reimbursement and the signature of the person approving the expense? Yes or No

What documentation/approval is required and maintained for reimbursements to individuals or for expenditures not accompanied by an invoice or bill (what supports check requests)? (i.e. mileage log)

Are expense reports completed on a timely basis? Yes or No

Internal Control Objective: Credit Card Payments and Debit Cards

If there are credit cards in the name of the parish/school, the receipts related to purchases should be remitted to the accounting department and the statement should be reviewed for accuracy. It is recommended that standard expense report forms be utilized and the receipts compared with the charges. The credit card statement and invoices should be attached to the expense report.

Are there credit cards in the name of the parish? Yes or No

If yes, are receipts related to purchases remitted to the parish bookkeeper and the statement reviewed for accuracy? Yes or No

Are there any bank debit cards in the name of the parish? Yes or No

If yes, which accounts are the debit cards associated with? (List the bank account name and last four digits of the account number)

Internal Control Objective: Writing Checks

Checks should be drawn only when there is adequate supporting documentation. To ensure that disbursements are supported by invoices that have been properly authorized, this documentation should include at least, a) a proper original invoice; b) evidence that the goods or services were received; and c) evidence that the purchase transaction was properly authorized. Payments should not be made on statements or balance-due billings unless underlying invoices are included.

What documentation is required before a check can be drawn?

Are all disbursements, except petty cash, made by check? Yes or No

Who prepares the checks?

Are checks made payable to specific payees and not to cash? Yes or No

Internal Control Objective: Signing Checks

Ideally, the pastor/administrator should be the individual signing all checks. When checks are presented for signature, the supporting documentation (ex. invoice & purchase order) should accompany the check. In this way, he is aware of all parish expenditures. The individual who signs the checks should not have access to the accounting records. All checks should be mailed promptly and directly to the payee.

Who is authorized to sign checks?

Who actually signs the majority of the checks?

What documentation accompanies the check when it is presented for signature?

What provision is made for the issuance of checks when the pastor/administrator or bookkeeper is away?

Who mails the checks?

Internal Control Objective: Canceling Invoices

All supporting documents should be canceled or marked "paid" once a disbursement is made to avoid double payments. After a check has been prepared for payment of an invoice, how is the invoice canceled (check number, account code, date paid)?

Where is the record of disbursement, including supporting documentation, kept?

Internal Control Objective: Manual Checks

If checks are prepared manually rather than generated by computer, a process should be in place to ensure that the disbursement is recorded accurately and timely in the accounting records (rather than waiting until the bank statement is received to record the transaction from the cancelled check).

Are all checks generated by the computer? Yes or No

If No, what procedures are in place to assure that disbursement is recorded timely and accurately in the accounting records?

Petty Cash

Internal Control Objectives:

1. The petty cash fund should be administered by one individual and kept in a locked location. The custodian of the fund is solely responsible for maintaining the fund, authorizing its use, and obtaining receipts for all disbursements.
2. An advanced payment method of petty cash fund should be used. A specific dollar amount should be decided upon for the fund (perhaps $100). As money is taken out of the fund, vouchers and/or receipts are submitted. When the balance of the fund begins to run low, a check for the amount of the payments offset by any vouchers/receipts is used to replenish the fund. Receipts should always be maintained for expenditures from the fund so that the general ledger entries can be made to the proper expense accounts.
3. Checks to replenish the petty cash fund should be made out to "Petty Cash – Employee" as the payee; the check should not be made out to "cash".
4. The petty cash fund should periodically be counted and reconciled by the pastor/administrator or a trustee.
5. The petty cash fund should never be used to cash checks or to let associates "borrow" funds.

Is a petty cash fund maintained? Yes or No

Who is the responsible party for the petty cash fund?

Who else has access to the petty cash fund?

How much is maintained in the petty cash fund?

How often is petty cash replenished?

Are the types and amounts of petty cash disbursements limited? Yes or No

Are vouchers properly supported by invoices or receipts? Yes or No

Is petty cash reimbursed by check only? Yes or No

Are petty cash reimbursement checks payable only to "Petty cash–Employee" and not cash? Yes or No

Is the petty cash fund subject to "surprise counts" to ensure that cash on hand plus documented expenses equals the fund total? Yes or No

If Yes, who conducts the "surprise counts" and how often?

Cash Receipts – Tuition

Internal Control Objective:

1. Tuition payments and other fees should be restrictively endorsed when received and listed on a school deposit summary sheet (by student or family name) that balances with the bank deposit. If the deposit is not made the day it is received, it should be locked in a locked, fireproof location.
2. As with other collections, the individuals responsible for collecting and depositing tuition should not have access to the accounting records.
3. The deposit sheet and posting to the accounts receivable should be used to post tuition and fee income to the general ledger and individual records.
4. Written, two-part receipts (carbon and original) should be given for all cash tuition payments. A receipt book should be purchased with numerical sequencing.
5. If tuition balances are adjusted, records of the dollar amount change/forgiven or scholarships given should be kept in a file so that the Finance Council of the board of education can be aware of this when planning for coming years. The accounting records should reflect gross tuition income less bad debt. Unpaid tuition balances should be recorded on the general ledger as a receivable for accrual and modified cash based accounting systems. For cash based systems, a regular review should be done of current and past due receivables by the Finance Council of the board of education.
6. Delinquent tuition balances should be monitored and the appropriate year-end entries should be recorded (to accrue for the unpaid balances or write off balances.)

Who receives tuition payments and other fees?

Are checks restrictively endorsed "for deposit only"? Yes or No

Are pre-numbered receipts issued for cash received? Yes or No

Who prepares the school deposit summary sheet?

When are deposits made? By whom?

How and by whom are tuition balances adjusted?

Who reviews unpaid balances? How often?

Who approves bad debt accruals and write-offs?

Stock Gifts

Internal Control Objective: The donor should be instructed to have the stock certificate made out to the parish.

Have any stock gifts been received? Yes or No

If yes, is the stock still held by the parish/school? Yes or No

Mass Stipends

Internal Control Objective: Directive on managing account:

> The Mass stipend bank account and Mass record book should agree. At least twice a year, the accounts need to be reconciled. The unsaid Masses should be counted and multiplied by the monetary donation for the Mass and that balance should correspond to the Mass Stipend bank account. This account should have detailed transactions entered for every month so that the bank account can be reconciled with the Mass record book.
>
> If a stipend account balance is in excess of the number of Masses a priest can say within a year, the extra Masses should be forwarded to another priest or to the Vicar General to be distributed for Masses celebrated by retired priests. A priest may receive one stipend per day. A pastor, on Sundays and holy days may retain a stipend for himself provided that the obligatory Mass pro-populo has been fulfilled. Other stipends received for that day are to be forwarded to the chancery coded as binations.

Are requests and amounts received for Masses recorded in the Mass intention book in a timely manner? Yes or No

How are said Masses accounted for in the Mass intention book?

Who reconciles the balance in the Mass stipend account to the bank balance?

Is the number of unsaid Masses in the intention book regularly reconciled to the balance in the Mass stipend checking account? Yes or No

Are binations sent to the chancery? Yes or No

Are excess Mass stipends forwarded to the chancery or other parishes? Yes or No

Are Mass stipend payments recorded as taxable income (Form W-2)? Yes or No

Payroll

Internal Control Objective: Personnel Administration and Employment File Maintenance

1. This function includes interviewing candidates, checking references, and hiring qualified personnel.
2. A checklist of items to be included in employee files should be utilized. It should be used to ensure that complete documentation is obtained from and on all employees.
3. Approval of pay increases should be documented in the employee file.

How many employees does the parish have? (Form W-2's)
_____Full Time _____Part Time = _____Total Employees

Do the personnel files contain the following information?

1. Employment application, resumes, and date employed? Yes or No
2. W-4 Employees Federal Withholding Allowance Certificate? Yes or No
3. WT-4 Employees Wisconsin Withholding Allowance Certificate? Yes or No
4. Background check report? Yes or No
5. Authorization to conduct background check? Yes or No
6. Performance appraisal records? Yes or No
7. Up-to-date position descriptions? Yes or No
8. Records of time off? Yes or No
9. Notes regarding disciplinary actions? Yes or No
10. Acknowledged human resources policy? Yes or No
11. Acknowledged sexual misconduct policy? Yes or No
12. Acknowledged internet use policy? Yes or No
13. Acknowledged driver information form? Yes or No
14. School/Parish Checklist List (Safe Environment)? Yes or No

Is the I-9 Employment Eligibility Verification form maintained in a separate file? Yes or No

Have there been new hires in the past year? Yes or No

If Yes, were the candidates interviewed and references checked? Yes or No

Are salary levels approved by the Parish Council or Finance Committee? Yes or No

Is this approval documented in the minutes? Yes or No

Are bonuses approved? Yes or No

Do bonuses go through regular payroll procedures? Yes or No

Are new employees oriented to their jobs? Yes or No

Do policies or procedures exist for accounting for vacations, holidays and sick leave? Yes or No

Are written termination notices given which properly document the reasons for termination? Yes or No

Have all parish volunteers working with children and employees seen The Protecting God's Children program and signed the form? Yes or No

Internal Control Objective: Timekeeping and Payroll Preparation and Payment

1. Consideration should be given to using time sheets for all hourly employees to better monitor hours worked and benefit time (vacation, sick leave, etc.).
2. Overtime should be approved in writing by the supervisor to document the approval since the bookkeeper will likely not be aware of these specific arrangements.
3. All employee pay, including bonuses, should be made via a check and the appropriate payroll taxes withheld.
4. A listing of payroll disbursements should be reviewed by the pastor/administrator and indicated on the register by a signature and date at the same time payroll checks are completed. The pastor/administrator should be looking for names of individuals who are not employees (such as individuals who are no longer employed and were not removed from payroll or who are fictitious) and making sure pay rates are accurate.

Are payroll hours monitored and verified (time cards)? Yes or No

Who prepares the payroll checks?

Who approves the payroll checks?

Who signs the payroll checks? (List all who sign)

Are any individuals paid cash for services performed? Yes or No

Are all employees and non-employees paid by a check for services performed? Yes or No

Are all eligible employees offered participation in the medical insurance, retirement plans, and other employee benefits? Yes or No

Internal Control Objective: Payroll Taxes

1. IRS guidelines should be followed to determine employee status (vs. independent contractor).
2. Appropriate payroll taxes should be withheld from all payments to employees, including bonuses.
3. Payroll tax deposits must be made in a timely and accurate manner as required by the IRS to avoid assessment of penalty and interest.
4. A copy of the quarterly/annual Form 941/944, federal and state coupons with check or EFT verification, and Forms W-2 and W-3 should be kept on file.
5. The year-end W-2 wages should be reconciled to the general ledger, payroll register and Forms 941/944 to ensure that the accounting records reflect what is being reported to the IRS.
6. All employees, including priests, should receive a Form W-2.

Are current federal and state withholding tables followed? Yes or No

Does the parish subscribe to a payroll service? Yes or No

Are payroll taxes taken out of the wages of all employees? Yes or No

Are payroll taxes withheld paid when due? Yes or No

Are the quarterly/annual Forms 941/944 maintained and up to date? Yes or No

Are W-2s prepared each calendar year end for all employees who are currently working in the parish and all those who have worked there during the year? Yes or No

Are the totals for Form W-3, W-2, and Forms 941/944, all reconciled to each other prior to filing the annual reports in January? Yes or No

How long are copies of payroll forms (W-3, W-2, WT-7, W2-G, 1099, 1096, 941/944 and federal and state tax coupons and payments) kept?

Have you received any notices from the IRS or State of Wisconsin in the last year? Yes or No
If Yes, please attach copies.

How often is the retirement plan funds submitted?

Internal Control Objective: Independent Contractor Income

W-9 forms should be obtained from all vendors to determine if a Form 1099 will be required at the end of the year (when payments exceed $600).

Are W-9 forms obtained from all non-employee service providers? Yes or No

How many independent contractors does the parish have? (Form 1099) _____

Are 1099 Forms issued each calendar year end for all non-employees, and independent contractors who receive more than $600? Yes or No

Property

Internal Control Objective: To safeguard the assets of the parish.
List buildings owned (i.e., rectory, church, school, etc.) (No dollar value is necessary)

_____ _____

_____ _____

_____ _____

Are any of the above assets recorded on the financial statements? Yes or No

If yes, is depreciation recorded for these assets? Yes or No

If yes, who records the depreciation?

How often is depreciation recorded?

What basis is used for depreciation?

Other

Internal Control Objective:

Journal entries to the books must be made with proper documentation and support. They should have attached work papers where necessary to document the detail of the entry and/or written description so that anyone reviewing the books can understand why and how the entry was determined.

Who makes journal entries to the books?

Are all journal entries made with proper documentation and support? Yes or No

Are chancery collections remitted by the end of each quarter? Yes or No

Charitable Activities/Fundraisers

Internal Control Objective:

To ensure that all fundraising and charitable activities are conducted in accordance with state gaming laws; that all receipts are promptly deposited, properly recorded and kept secure; and that disbursements are made only with proper authorization and properly recorded.

List all fundraising events conducted by the parish and related organizations, include the person in charge of the fundraising event.

_____ _____

_____ _____

_____ _____

_____ _____

Does the parish have an annual festival? Yes or No

Are there any charity gaming activities at the festival? Yes or No If Yes, is a separate bank account maintained for charity gaming?

How are disbursements made for expenses?

How is cash collected for food, games, rides, etc.?

Is cash counted and deposited in a timely manner? Yes or No

Are funds kept in a secure location and tamper proof bag until they are deposited? Yes or No

Are revenues and expenses posted to the general ledger? Yes or No By whom?

Is income transferred for the parish use if a separate checking account is used? Yes or No

Are financial reports prepared? Yes or No Who reviews the reports?

Does the parish conduct bingo Yes or No How often?

Is a separate checking account maintained for all receipts and disbursements related to charitable gaming, such as bingo? Yes or No

Are all expenses paid in a timely manner? Yes or No

Are all checks made payable to a specific person? Yes or No

How frequently are proceeds transferred to the parish general fund?

How are receipts and disbursements monitored and documented?

Is the organization licensed to conduct charitable gaming activities? Yes or No

Is the charitable gaming license displayed openly at the premises where the games are conducted? Yes or No

Are quarterly reports of the organization's charitable gaming activities reported to the appropriate governing body in a timely manner? Yes or No

Are the results of each gaming session fully and accurately documented? Yes or No

Is the separate gaming account reconciled monthly by someone other than the person who is authorized to sign checks on that account? Yes or No

Parishes with Cemeteries

Are cemetery records (perpetual care, lots, etc.) maintained in the parish office? Yes or No

Are cemetery records maintained in a safe or locked fireproof cabinet? Yes or No

Are there any duplicate records stored at another location? Yes or No If Yes, where?

Are the financial statements reviewed by a responsible party? Yes or No By whom?

Are Annual board meetings held if it is a separate corporation? Yes or No

Affiliated Organizations

Internal Control Objective: Affiliated Organizations

1. The books of affiliated organizations must be maintained on the parish/school records.
2. Affiliated organizations may have separate accounts based on approval by the pastor/administrator. The pastor/administrator must be included as an authorized signer on all affiliated organizations.
3. The monthly bank statements for affiliated organization checking accounts should be sent directly to the parish/school office to be reviewed and reconciled. This keeps the parish/school management apprised of the financial activity of the organization and is also a good double check of their work for accuracy and propriety.
4. Affiliated organizations should use the same purchasing and cash receipting procedures as the parish.

List all other parish organizations not included above. Include all societies, guilds, and other organizations legally under the control of the parish. List the person in charge of the organization.

_____ _____

_____ _____

_____ _____

_____ _____

(Please answer the following questions for each of the organizations listed above.)

Does each auxiliary organization have a separate bank account? Yes or No

If yes, is the pastor an authorized signature on the bank account? Yes or No

Who receives the bank statement?

Who reconciles the bank account and reviews the cancelled checks?

How is cash collected?

Is cash counted and deposited in a timely manner? Yes or No

Are funds kept in a secure location until they are deposited? Yes or No

How are disbursements made for expenses?

Are all expenses paid in a timely manner? Yes or No

Are all checks made payable to a specific person? Yes or No

Are paid invoices filed and retained by the organization? Yes or No Location:_____

Are revenues and expenses posted to the parish general ledger? Yes or No
If Yes, by whom? How often?

If a separate checking account is used, is income transferred to the parish general fund?
Yes or No If Yes, how often?

Are financial reports prepared? Yes or No How Often? Who reviews the reports?

Does the organization prepare an annual budget? Yes or No

If yes, is the organization's budget included as part of the parish annual budget? Yes or No

Is any parish, rectory, convent, or religious education center expenditures paid by an affiliated organization directly? Yes or No If Yes, please explain below.

Computer Safeguards

Internal Control Objective: Computer Safeguards

1. Computer files should be backed up on a regular basis (daily/weekly). The copies should be kept off site and rotated on a regular basis.
2. Surge protectors should be in use on all computer equipment. Battery backup units should be considered for servers or critical workstations.
3. QuickBooks and ParishSOFT software should be password protected so that only authorized individuals have access to accounting records. The passwords should be changed periodically and secured with reasonable care. Lock the passwords away from the computer in a file cabinet. Be sure the administrative passwords are secured in a file whose whereabouts are known to the pastor or parish leadership. Security levels should be set appropriately to restrict access to certain files and special care should be taken to protect payroll data, personnel information on employees and other confidential information.
4. It is advisable to have a list of the critical hardware — such as servers particularly — and software along with its reordering information maintained offsite. In the event of a disaster, this would enable you to immediately purchase replacements.
5. Virus protection software and a firewall should be used on both servers and workstations especially for equipment that is online with the Internet.

How often are computer files backed up onto disks or tapes?

Are copies of computer files kept off site and rotated on a regular basis? Yes or No

Are surge protectors in use on all computer equipment? Yes or No

Is ParishSOFT software password protected? Yes or No

Is QuickBooks software password protected? Yes or No

Are passwords secured with reasonable care and changed periodically? Yes or No

Is a list of critical hardware and software maintained offsite? Yes or No

Are virus protection software and a firewall in place on both servers and workstations? Yes or No

Other

Internal Control Objective:

1. Safe combinations, computer passwords, and keys should be changed periodically or when there is staff turnover.

2. Any existing Minutes and Bylaws for all parish affiliate organizations should be on file at the parish.

Are safe combinations, computer passwords and keys changed periodically or when there is staff turnover?
Yes or No

Are any existing minutes and bylaws for all parish affiliate organizations on file at the parish?
Yes or No

Finance Council

Internal Control Objective:

1. According to the norms of the diocese, each parish should have a Finance Council which, including the pastor, is to be composed of at least three, but no more than seven, members of the Christian faithful truly skilled in financial affairs as well as in civil law, of outstanding integrity and freely appointed by the pastor.
2. It is recommended that members of the current Finance Council and Parish Pastoral Council be reviewed for length of terms already served and the necessary steps taken to follow the guidelines from the parish by-laws.
3. Finance Council meetings should be documented with official minutes and a copy of such kept at the parish.
4. The Finance Council should be involved in the preparation of the parish budget.
5. The Finance Council should be kept apprised of the financial activities of the parish/school with provision of at least quarterly financial statements including a detailed balance sheet and profit and loss statement that compare actual results to budget and the previous year.
6. The pastor is required to consult with the Finance Council prior to seeking approval from the Bishop on decisions to borrow funds or expenditures exceeding $5,000.00
7. The bank reconciliation review process should include: comparing cancelled checks with the invoice(s) being paid and or disbursement journal printout; accounting for the sequence of check numbers; examining authorized signatures and endorsements; reviewing checks for alterations; reviewing voided checks; reviewing checks outstanding longer than 90 days to determine if a stop payment should be issued or the check voided in the system.
8. Annually the Finance Council should review the internal controls of the parish/school using the Internal Control Questionnaire provided by the diocese.

Finance Council Members Names and Date of Term: (Indicate Lay Directors/Trustees/Date of Terms)

_____ _____

_____ _____

_____ _____

Is your Finance Council appointed? Yes or No By Whom?

Are parish lay directors (trustees) members of the Finance Council? Yes or No

Does the Finance Council have at least one member who is also a member of the Education Committee? Yes or No or N/A

How often does the Finance Council meet?

Are the meetings documented with official minutes? Yes or No

Does the Finance Council chairperson also serve on the Parish Council? Yes or No

Does the Finance Council prepare an annual budget? Yes or No

Does the Finance Council review and approve non-budgeted expenses or programs? Yes or No

Does the Finance Council review and approve any decisions to borrow funds? Yes or No

Are the monthly financial statements received and reviewed by the Parish Council? Yes or No

Finance Committee? Yes or No

Do these statements include:

Balance Sheet compared to previous year? Yes or No

Profit & Loss Statement actual compared to previous year? Yes or No

Profit & Loss Statement actual compared to budget? Yes or No
Other, please list:

Are the financial statements complete (include all activities of all organizations associated or affiliated with the parish)? Yes or No

Does the Finance Council periodically review the bank reconciliation process? Yes or No
If Yes, how often?

Is there an audit committee? Yes or No If Yes, attach a copy of the latest review.

Does the Finance Council provide parishioners with periodic reports on the financial condition of the parish? Yes or No If Yes, how often?

Does the parish have copies of wills or bequests on file to identify amounts reported as endowment (principal) funds and amounts available to be used for the intent of the gift? Yes or No

Authorization to Transfer Funds

Date of Transfer: _____

Transferred from Account Name: _____

Transferred to Account Name: _____

Amount of Transfer: $_____

_____ _____

Signature of authorized bank signer Date signed

Authorization to Transfer Funds

Date of Transfer: _____

Transferred from Account Name: _____

Transferred to Account Name: _____

Amount of Transfer: $_____

_____ _____

Signature of authorized bank signer Date signed

Check Request Form

Please prepare a check to the following payee:

Payee: _____

Check Amount: $ _____ Date Needed: _____

Address: _____

_____

Accounts to be Charged			
Acct. No.	Amount	Acct. No.	Amount
# _____	$ _____	# _____	$ _____
# _____	$ _____	# _____	$ _____
# _____	$ _____	# _____	$ _____
# _____	$ _____	# _____	$ _____
Amount totals must equal check amount			

Requested by: _____ Date requested: _____

Approved by: _____ Date approved: _____

Please attach supporting documents.

Special Handling: _____

Other: _____

Diocese of Madison – Auxiliary Organization Activity for Bank Reconciliation

Organization: _____ Date: _____

Income Received (List sources and amounts):

_____	$_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total:	$_____

Expenses Incurred (List expenses and amounts):

_____	$_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total:	$_____

Bank: _____

Bank Account Number: _____

Beginning Checking Account Balance $_____

Ending Checking Account Balance $_____

Bank: _____

Bank Account Number: _____

Beginning Checking Account Balance $_____

Ending Checking Account Balance $_____

Bank: _____

Bank Account Number: _____

Beginning Checking Account Balance $_____

Ending Checking Account Balance $_____

Bank Statement Review

Bank Account _____

Month & Year_____

Check boxes for the following procedures performed:

- ☐ Received the original bank statement unopened.
- ☐ Traced transfers to/from corresponding bank statements.
- ☐ Reviewed deposit slips for reasonableness.
- ☐ Reviewed ACH/EFT transactions for reasonableness.
- ☐ Examined canceled checks for:
  - Traced to bank statement and account for any missing checks
  - Proper payee
  - Reasonable amount
  - Authorized signature(s) per established policy.
  - Reasonable endorsement.
- ☐ Examined check images for:
  - All check image pages are present.
  - Proper payee.
  - Reasonable amount.
  - Authorized signature(s) per established policy.
  - Reasonable endorsement, if image available.
- ☐ Requested and examined the supporting documentation for the following transactions:

_____

_____

_____

I have completed the above procedures. The receipts and disbursements appear reasonable.

_____ _____

Reviewer, Title Date

Diocese of Madison – Parish Support
Restricted Assets Tracker
FY: _____

Transactions should be recorded for the whole year – add columns and rows if needed.
If you add columns or rows ensure the formulas are accurate

Permanently Restricted Funds

Date	Transaction Description	Account Debited	Account Credited	Amount
	Beginning of year balance	n/a	n/a	
	End of year balance	n/a	n/a	

Temporarily Restricted Funds

Date	Transaction Description	Account Debited	Account Credited	Amount
	Beginning of year balance	n/a	n/a	
	End of year balance	n/a	n/a	

Calculations to determine year end adjusting entries

Permanently Restricted Funds

Ending Balance	_____
Beginning Balance	_____
Increase (Decrease)	_____

Temporarily Restricted Funds

Ending Balance	_____
Beginning Balance	_____
Increase (Decrease)	_____

General Journal Entries for Year End to record Restricted Funds

Permanently Restricted Funds

Debit (Credit)	31000 – Unrestricted Equity	_____
Debit (Credit)	39200 – Permanently Restricted Equity	_____

*(If your permanently restricted funds **increase**, then you will have a **credit** to account 39200/*
*If your permanently restricted funds **decrease**, then you will have a **debit** to account 39200.)*

Temporarily Restricted Funds

Debit (Credit)	31000 – Unrestricted Equity	_____
Debit (Credit)	39100 – Temporarily Restricted Equity	_____

*(If your temporarily restricted funds **increase**, then you will have a **credit** to account 39100/*
*If your temporarily restricted funds **decrease**, then you will have a **debit** to account 39100.)*

(Generally QuickBooks will adjust all income to unrestricted equity to close out your accounts at year end. Be sure to check ending balances after your entry. Make sure that they tie to the ending balance on your spreadsheet. Call if you need help!)

Parish

Fund	Account Number	Checks	+	Bills	+	Coins	=	Total
Offertory/Loose Cash			+		+		=	
Regular Envelopes			+		+		=	
Building Fund			+		+		=	
Religious Education			+		+		=	
Youth Ministry			+		+		=	
Church/School Rental			+		+		=	
Gym Rental			+		+		=	
School Tuition			+		+		=	
School Fees			+		+		=	
Extended Day			+		+		=	
Kindergarten			+		+		=	
Preschool			+		+		=	
Restricted Donations			+		+		=	
Flowers			+		+		=	
Candles			+		+		=	
Special Collections *(list below)*								
			+		+		=	
			+		+		=	
			+		+		=	
Grand Total / ParishSOFT Total			+		+		=	

Counters' Signatures Date: _____

_____ _____

_____ _____

Mass Stipend Account Reconciliation Form

1. Date _____

Funds:

2. Reconciled Register Balance as of Today _____

3. Any Mass Intention Cash or Checks that have not been deposited into Stipend account + _____

4. Total Funds Available _____

Masses:

5. Enter date of last Mass intention paid to priest _____

6. Sum amount of scheduled paid Mass Intentions after this Date + _____

7. Sum amount of paid Mass Intentions not in Mass Intention Book + _____

8. Funds required to pay for all Mass intentions _____

9. Subtract Line 8 from Line 4 _____

If Line 9 is positive, the Mass Stipend bank account is in **SURPLUS**

If Line 9 is negative, the Mass Stipend bank account is in **DEFICIT**

If Line 9 is zero, the Mass Stipend bank account is in **BALANCE**

Mass Stipend Account Reconciliation

Instructions

The Mass Stipend Account Reconciliation Form assists parishes in maintaining a balance between the money in the Mass Stipend checking account and the priests' obligation to offer Mass intentions for the faithful. This reconciliation should be prepared on a regular basis between two to four times per year. Any surpluses or deficits should be resolved through Diocesan approved methods.

Line by Line instructions:

1. Date – The date that will be used as the cut-off for the account reconciliation. Typically this will be today's date. Enter the date in this space.

2. Complete a reconciliation of the Mass Stipend checking account to the latest bank statement. After including all transactions after the bank statement date, enter the current register account balance as of today's date on this line.

3. If there have been paid Mass intentions scheduled or added to a Mass book to be scheduled but the stipend money has not been deposited in the bank or included in the checkbook register above, enter these funds on this line.

4. On this line, enter the sum of Line 2 & Line3. This represents the total funds available to satisfy the recorded Mass intentions.

5. Enter the date of the last Mass intention that was paid to the priest. This date is generally the end of the prior month if the priest is paid monthly. This is not the date of the last check, but rather the date that the priest was paid through. If the priest was paid for all Masses offered through March 31st, then March 31st is the date to enter in this space.

6. Add up all the paid Mass intention amounts beginning with the day after the last date that the priest was paid for Mass intentions. For example, if the priest was paid through March 31st, add up all the stipends from April 1st forward. Only include Masses that have intentions with a paid stipend. Do not include intentions where the parishioner has not yet paid a stipend. Write the total on this line. While the vast majority of Mass intentions are for the established $10, some could be for more or less money. Add the exact amount of each stipend. Remember that the "Pro Populo" or People's Mass does not carry a paid intention and should not be counted.

7. If there are any future Mass intentions with paid stipends that have been accepted by the parish but have not been counted on Line 6, add these stipends up and enter the total on this line.

8. Add Line 6 and Line 7 together and enter the total on this line. This amount represents the total funds required to discharge all of the Mass intention stipends currently recorded at the parish.

9. Subtract Line 8 (obligation) from Line 4 (funds) to determine if the Mass Stipend account is in balance.

   If Line 4 is larger than Line 8, there is a surplus in the account. The surplus should be sent to the Vicar General (702 S. High Point Rd., Suite 225, Madison 53719-4926) for the benefit of the St. Raphael Society Clergy Retirement Fund.

   If Line 8 is larger than Line 4, there is a deficit in the account. All deficits should be promptly investigated and corrected. Please contact the Director of Parish Administrative Services for direction on rectifying the deficit and for a review of internal controls for Mass stipends.

PERMISSION FOR CHILD/WARD DELIVERY OF SCRIP AND WAIVER OF CLAIM

I, _____ (Parent / Guardian) give permission to

_____ (Parish / School) to deliver Scrip, which I have ordered

from the parish / school, to my child / ward, _____ (Child / Ward). I understand that my child/ward will be responsible for the safe transport of the Scrip from the parish / school to my home and certify that I have discussed the responsibilities associated with the transport of the Scrip with my child / ward. I further understand that I have the option of personally picking up my Scrip orders from the parish/school rather than having my child/ward transport it. I agree that once the parish/school delivers the Scrip to my child/ward that the parish/school is not responsible for any Scrip which is lost, stolen or misplaced. I hereby waive any right of recovery that I may have against the parish/school for Scrip which is lost, stolen or misplaced after it is given to my child/ward.

This agreement is effective for the _____ school year.

Signature: _____(Parent/Guardian)

Date:

EMPLOYER'S FIRST REPORT OF INJURY OR DISEASE

Fatal Injuries: Employers subject to ch.102, Wis. Stats., must report injuries resulting in death to the Department and to their insurance carrier, if insured, within one day after the death of the employee.
Non-Fatal Injuries: If the injury or occupational illness results in disability beyond the three-day waiting period, the employer, if insured, must notify its insurance carrier within 7 days after the injury or beginning of disability. Medical-only claims are to be reported to the insurance carrier only, not the Department.
Electronic Reporting Requirement: All work-related injuries and illnesses resulting in compensable lost time, with the exception of fatalities, must be reported electronically to the Department via EDI or Internet by the insurance carrier or self-insured employer within 14 days of the date of injury or beginning of disability. Employer may fax claims for fatal injuries to (608) 267-0394.

Department of Workforce Development
Worker's Compensation Division
201 E. Washington Ave., Rm. C100
P.O. Box 7901
Madison, WI 53707
Imaging Server Fax: (608) 260-2503
Telephone: (608) 266-1340
http://www.dwd.wisconsin.gov/wc
e-mail: DWDDWC@dwd.wisconsin.gov

*Provision of your Social Security Number (SSN) is voluntary. Failure to provide it may result in an information processing delay. Personal information you provide may be used for secondary purposes [Privacy Law, s. 15.04 (1)(m), Wisconsin Statutes].
(**Please read the instructions on page 2 for completing this form**)

EMPLOYEE

Employee Name (First, Middle, Last) | Social Security Number* | Sex ☐ M ☐ F | Employee Home Telephone No.

Employee Street Address | City | State | Zip Code | Occupation

EMPLOYER

Birthdate | Date of Hire | County and State Where Accident or Exposure Occurred?

Employer Name | WI Unemployment Ins. Acct No. | Self-Insured? ☐ Yes ☐ No | Nature of Business (Specific Product)

Employer Mailing Address | City | State | Zip Code | Employer FEIN

Name of Worker's Compensation Insurance Co. or Self-Insured Employer | Insurer FEIN

Name and Address of Third Party Administrator (TPA) Used by the Insurance Company or Self-Insured Employer | TPA FEIN

WAGE INFORMATION

Wage at Time of Injury | Specify per hr., wk., mo., yr., etc. Per: | In Addition to Wages, Check Box(es) if Employee Received: ☐ Meals ☐ Room ☐ Tips | No. of Meals/wk. No. of Days/wk. Avg. Weekly Amt.

Is Worker Paid for Overtime? Yes No | If Yes, How Many Hours Per Week?

For the 52 Week Period Prior to the Week the Injury Occurred, Report Below the Number of Weeks Worked in the Same Kind of Work, and the Total Wages, Salary, Commission and Bonus or Premium Earned for Such Weeks.

No. of Weeks: | Gross Amount Excluding Tips: | If Piece-Work, No. of Hrs. Excluding Overtime:

Start Time | Hours Per Day | Hours Per Week | Days Per Week

Employee's Usual Work Schedule When Injured: : ☐ AM ☐ PM

Employer's Usual Full-Time Schedule for This Type of Work at Time of Employee's Injury:

Part-Time Employment Information: | Are there Other Part-Time Workers Doing the Same Work With the Same Schedule? Yes No | If yes, how many? ☐ ☐ | Number of **Full-Time** Employees Doing The Same Type Of Work: ☐ ☐

INJURY INFORMATION

Injury Date | Time of Injury : AM : PM | Last Day Worked ☐ ☐ | Date Employer Notified ☐ | Date Returned to Work ☐ ☐ Estimated Date of Return

Did Injury Cause Death? ☐ Yes ☐ No | Date of Death | Was This a Lost Time or Other Compensable Injury? Yes No | Did Injury Occur Because of: ☐ Substance Abuse ☐ Failure to Use Safety Devices ☐ Failure to Obey Rules

Was Employee Treated in an Emergency Room? Yes No | Was Employee Hospitalized Overnight as an In-Patient? Yes No

Name and Address of Treating Practitioner and Hospital:

Case Number from the OSHA Log:

Injury Description - Describe Activities of Employee When Injury or Illness Occurred and What Tools, Machinery, Objects, Chemicals, Etc. Were Involved.

What Happened to Cause This Injury or Illness? (Describe How The Injury Occurred)

What Was The Injury or Illness? (State the Part of Body Affected and How It Was Affected)

Report Prepared By	Work Phone Number ( ) -	Position	Date Signed

WKC-12 (R. 06/2017) SEND REPORT IMMEDIATELY – DO NOT WAIT FOR MEDICAL REPORT

EMPLOYER AND INSURANCE CARRIER INSTRUCTIONS

The employer must complete all relevant sections on this form and submit it to the employer's worker's compensation insurance carrier or third party claim administrator within seven (7) days after the date of a work-related injury which causes permanent or temporary disability resulting in compensation for the lost time. The employer's insurance carrier or the third-party claim's administrator may request that this form also be used to immediately report any injury requiring medical treatment, even though it does not involve lost work time.

For any work injury resulting in a **fatality**, the employer must also submit this form directly to the Department of Workforce Development **within 24 hours of the fatality**.

An employer exempt from the duty of insure under s. 102.28, Wis. Stats., and an insurance carrier administering claims for an insured employer are required to submit this form to the Department of Workforce Development within 14 days of the date of work injury.

MANDATORY INFORMATION

In order to accurately administer claims, each of the following sections of this form must be completed. The First Report of Injury will be returned to the sender if the mandatory information is not provided.

Employee Section: Provide all requested information to identify the injured employee. If an employee has multiple dates of employment, the "Date of Hire" is the date the employee was hired for the job on which he or she was injured.

Employer Section: Provide all requested information to identify the injured worker's employer at the time of injury. Provide the name and Federal Employer Identification Number (FEIN) for the insurance carrier or self- insured employer responsible for the worker's compensation expenses for this injury. Also identify the third party claim administrator, if one is used for this claim.

Wage Information Section: Provide the information requested regarding the injured employee's wage and hours worked for the job being performed at the time of injury.

Injury Information Section: Provide information regarding the date and time of injury. Provide a detailed description of the injury, including part of the body injured, the specific nature of the injury (i.e., fracture, strain, concussion, burn, etc.) and the use of any objects or tools (i.e., saw, ladder, vehicle, etc.) that may have caused the injury. Provide the name of the person preparing this report and the telephone number at which they may be reached, if additional information is needed. This form was designed to include information required by OSHA on form 301. If this section is completed and retained, the employer will not have to complete the OSHA 301 form.

Diocese of Madison

Reporting Guidelines for Work Place Injuries (Worker's Compensation Insurance)

The *State of Wisconsin Worker's Compensation Act* provides for payment of reasonable medical expenses and compensation for lost wages resulting from work-related injuries or disabilities. Information regarding this state-mandated insurance program can be found at https://dwd.wisconsin.gov/wc/workers/.

1. Effective January 1, 2016, Catholic Mutual Group (CMG) partnered with Church Mutual Insurance Company (Church Mutual) for the handling of Workers Compensation claims for the Diocese of Madison. Previously Preferred Professional Insurance Company (PPIC) was the carrier. Catholic Mutual Group will continue to work as a third party administrator/advocate in handling claims of employee Injuries for the Diocese of Madison.
2. Even in the safest of workplace environments, injuries can happen. If an employee is hurt and the injury is serious or life-threatening, call 911 immediately.
3. If an employee experiences a non-life threatening injury on the job, call the Church Mutual Nurse Hotline at 1-844-322-4662. The Church Mutual Nurse Hotline connects you with a medical professional that can advise you on next steps regarding treatment alternatives.
4. A parish should report all work-related injuries or ailments to CMG immediately, even if medical treatment through first aid or a medical clinic is not sought or recommended. Promptly reporting a claim will allow CMG and Church Mutual to conduct a proper investigation to determine compensability.
5. Complete the Employer's First Report of Injury or Disease soon after the employee reports an injury or accident. Details of the incident are always more accurate when information is fresh in one's mind. Please note that this injury report **must** be signed by an authorized representative of the employer, **not** signed by the employee.
6. All completed Employer's First Report of Injury or Disease reports must be sent to the CMG Claims Risk Manager, listed in the Contact Page as soon as possible.
7. Contact the Claims Risk Manager immediately at immediately if any of the following occur:
    a. A previously reported medical only claim turns into a lost time claim.
    b. Any serious injury that results in hospitalization.
    c. Any incident or accident resulting in a fatality.
    d. Any incident involving odd or questionable circumstances.
8. Once a claim is reported, the following will occur:
    a. CMG will interface with Church Mutual to file the claim. Church Mutual will report injuries to the State of Wisconsin in compliance with state reporting requirements. All Employers' First Report of Injury or Disease forms need to be completed in their entirety

to expedite state reporting.

b. Church Mutual will take a direct approach to claims handling – they will investigate all lost time injuries by making contact with the employer, the injured worker, and the attending physician.
c. Any injured worker that has lost time from work is required to provide a written release from the attending physician prior to return to work.
d. Employers are encouraged to contact the injured worker while recovering at home to show Interest In their recovery and to assure them that they are looking forward to their return to work. An injured worker often needs encouragement to get them back into the work force. Too often we hear "The employer does not care because I have never heard from them."
e. CMG will work closely with Church Mutual's claims professionals in an effort to return the employee to gainful employment as soon as possible. In addition to getting your employees the treatment they need in a timely manner, the Nurse Hotline also helps ensure that if you need to file a claim, you do so in a timely manner, which helps reduce costs and confusion.

Wisconsin Department of Safety and Professional Services

Mail To: P.O. Box 8935
Madison, WI 53708-8935
FAX #: (608) 261-7083
Phone #: (608) 266-2112

1400 E. Washington Avenue
Madison, WI 53703
E-Mail: web@dsps.wi.gov
Website: http://dsps.wi.gov

Division of Professional Credential Processing

ANNUAL CERTIFICATION FOR CEMETERIES OF RELIGIOUS SOCIETIES

NO FEE REQUIRED

This certificate must be completed for each cemetery organized and operated by a religious society organized under Wis. Stats. § 187.

PLEASE TYPE OR PRINT IN INK

SECTION I: To Be Completed for Each Religious Cemetery

NOTE: The information in Numbers 4 and 5 of this section may be provided on an attached sheet if this certificate is for more than one cemetery.

1. Name of Cemetery Authority or Religious Society Filing this Form for the Cemetery Listed in #4 Below	2. Daytime Telephone Number ( )

3. Address of Cemetery Authority or Religious Society (Number, Street, City, State, Zip Code)

4. Name and Address of Cemetery (Number, Street, City, State, Zip Code)

5. Please Check Only ONE of the Following Blanks.

The cemetery authority fully complied_____; did not comply_____with Wis. Stats. §§ 157.11(9g)(c) and 157.12(3), during the 12-month period immediately preceding the date on which the certification is filed with the Department.

If there has been substantial compliance rather than full compliance, specify on an attached sheet those instances when the cemetery did not fully comply with Wis. Stats. §§ 157.11(9g)(c) and 157.12(3).

6. Has the Cemetery Authority Engaged in Preneed Sales During the Reporting Period? ☐ YES ☐ NO

If YES, the information in SECTION II must be completed for the cemetery authority, including information about each of its individual preneed sellers. EVERYONE MUST COMPLETE SECTION III.

OFFICE USE ONLY		
TYPE	REGISTRATION #	GRANT DATE
102		

Wisconsin Department of Safety and Professional Services

SECTION II: To Be Completed for Each Preneed Seller of a Religious Cemetery

NOTE: This information may be provided on an attached list if there is insufficient space for reporting all preneed sellers.

1. Name of Cemetery

2. Address of Cemetery (Number, Street, City, State, Zip Code)

3. Name of Employee Who Practiced as a Preneed	4. Social Security Number

5. Address of Preneed Seller (Number, Street, City, State, Zip Code)

6. Daytime Telephone Number of Preneed Seller ( )

7. Please Check Only ONE of the Following Blanks.

The cemetery authority(ies) and preneed seller(s) fully complied____; substantially complied____; did not comply____with Wis. Stats. § 440.92(2), (3)(a) and (b) and (5), during the 12-month period immediately preceding the date on which the certification is filed with the Department.

If there has been substantial compliance rather than full compliance, specify on an attached sheet those instances when the preneed seller or cemetery authority did not fully comply with Wis. Stats. § 440.92(2), (3)(a) and (b) and (5).

SECTION III: To Be Completed by Everyone

Cemetery Authority or Authorized Representative of Religious Society must sign.

I hereby swear and affirm that the information reported on this form and any attachments to it is true and correct to the best of my knowledge and belief.

Cemetery Authority or Authorized Representative _____ Title _____ Date _____

Print Name of Cemetery Authority or Authorized Representative _____

Subscribed and sworn before me this_____day of_____, 20_____

S E A L

Signature of Notary Public _____ Date Commission Expires _____