

FINANCIAL MATTERS

II. Assessment and its Calculation

- A. *The diocesan Bishop, after consulting the finance committee and the council of priests, has the right to levy on public juridical persons subject to his authority a tax for the needs of the diocese. (canon 1263)*
- B. The total assessment for each fiscal year is established by the Diocesan Finance Council, usually at its March meeting. Each parish's individual assessment is based upon the following formula devised by the Priests' Council.

1. Parish Assessment =
$$\frac{\text{Parish Percent (as calculated in 2 immediately below)}}{\text{times}} \times \text{Total Diocesan Assessment (set by Finance Council)}$$
2. Parish Percent (of total) = the average of the following two percentages:
Number of Parish Donors as percent of Total Number of Donors for all Parishes
and
Parish's Net Income as a percent of Total Net Income for all Parishes
3. Parish Net Income for the Fiscal Year =
Gross Income (see section D below)
minus
All Educational Expenses (accrued during the Fiscal Year)
minus
10% of Debt (owed at the end of the Fiscal Year)
plus
5% of Savings (see section G below)

Example

Gross Income = 91,500	Debt = 33,000	
Education Expense = 25,000	Savings = 5,000	Donors = 100
Total Donors = 9,783 (in Diocese)	Total Net Income = 3,319,298 (all parishes)	

Net Income = $91,500 - 25,000 - (.1 \times 33,000) + (.05 \times 5,000) = 63,450$

Percent = $[(100 / 9,783) + (63,450 / 3,319,298)] / 2 = (1.022\% + 1.912\%) / 2 = 1.467\%$

Assessment = $1.467\% \times 401,050 = \$5,883$

- C. **Donor.** A Donor is an individual or household that has given a total of at least \$50 during the most recent calendar year.
- D. **Gross Income.** Gross income includes both cash and non-cash assets that are either donated to or earned by the parish corporation for the benefit of the parish or parish school. Generally, any transaction that is (or should be) recorded in the income section of the parish and/or school fund of the income statement, is income for purpose of the assessment. Conversely, any set of transactions that only affects the balance sheet, or any set of transactions within a building fund or endowment fund which has been formally established by the corporate board through a recorded board motion, are not considered income for purpose of the assessment.
- Note: The presumption is that transactions taking place in the parish or school funds (funds here used as in fund accounting) are for credit to the parish and school respectively. Establishing a separate fund is the only clear way to establish assets and cash flows as separate from the parish and/or school.

- E. Education Expense.** Education expense includes all school expenses (all school income must be included too), as well as salary, purchases and overhead for programs such as CCD, CYO, RCIA, sacramental preparation, retreats, OND, etc.
- F. Debt.** All debt, including building fund debt, for which there is a signed instrument can be included as a deduction to gross income. Accounts payable are not deductible.
- G. Savings.** Savings are a small part of the assessment; an increase of \$100.00 in savings usually results in an increase of between 23 and 30 cents in the parish assessment. All parish savings, regardless of the instrument (bank account, CD, bonds, notes, stocks, etc.) which are not part of a corporate board approved building or endowment fund must be included with savings. Cemetery funds are restricted and not considered as part of parish savings.
- H. Building and Endowment Funds.** The parish corporate board may establish a building fund or an endowment fund through a corporate resolution passed and recorded in the corporate minutes book. All transactions within these funds are exempt from the assessment except that debt may be used as a deduction. Only projects for new construction or "extraordinary repairs", that is those which have been specifically identified (e.g. new roof, entrance, etc.) and which exceed \$5,000 (i.e. need the Bishop's proxy vote) can be placed in an exempt and restricted building fund. Projects that qualify for inclusion in a building fund would normally also require approval by the Diocesan Building and Planning Commission.
- I. Special Income Exemption.** All grant money received from organizations such as The Catholic Church Extension Society, American Board of Catholic Missions (ABCM), Bureau of Catholic Indian Missions (BCIM), etc., is exempt from the assessment.

Examples: Income / Non-Income

<u>Income</u>	
Adult envelopes	Received from fund raising projects and bazaars
Children envelopes	School tuition
Loose plate	<u>Non-Income Receipts</u>
Collections/Donations for special or specific parish expenses such as confirmation, flowers, heating bill or new capital purchases not part of established building fund.	Cemetery collection
Diocesan Annual Appeal rebate	Sale of cemetery lots and care
DAA School subsidy	Universal church collection
Received for programs such as RE	Diocesan Annual Appeal Collection
Received from mission to reimburse education expense	Donations to a Diocesan Endowment (such as seminarian burse)
Donations from parish societies (either as cash or goods)	Conversion from one asset to another such as CD or savings to checking
Interest	Received by Borrowing
Cash donation	Grants received from organizations such as Extension, ABCM, BCIM, etc.
Donation of property	Contributed Services (value of donated time)
Donation of Cash equivalents such as securities, CD's, etc.	Any Receipt for a formally established Building Fund
Capital gains on sale of property	Any Receipt for a formally established Endowment Fund