



Financial Administration

The Church holds and administers temporal goods to serve the mission that the Lord has entrusted to the Church. Financial activities provide a process to properly record the life of the Church and identify the assets given into its care. These activities can then be reported in a fair and consistent manner to show how the resources given into our care are used.

The Archdiocesan Chancellor, Chief Financial Officer, and finance staff are resources and are available to provide technical assistance or make recommendations of other resources that are available to meet your needs.

Policy 1. Finance Councils

The Archdiocese is required by Canon Law to have a finance council.

Each parish is required by Canon Law to have a parish finance council. The role of the finance council is fiscal stewardship. The finance council serves as an advisory body to the Bishop or pastor, in the administration and stewardship of finances, budget, facilities, fundraising, and long-range financial planning.

- **Formation** – The Archdiocese/parish finance council is appointed by the Archbishop/pastor and is to include people with expertise in banking, finance, accounting, and property management.
- **Responsibilities:**
 - To advise the Archbishop/pastor on all matters of financial concern
 - To discern, through prayer and study, the proper stewardship of the parish funds and assets
 - To monitor and help interpret the monthly financial statements and budget compliance
 - To ensure that reconciliation of bank statements occurs on a monthly basis
 - To recommend and monitor and annual budget process
 - To account to the Archdiocese/parish, at least annually, the financial condition of the Archdiocese/parish

The finance council does not:

- Establish priorities of the Archdiocese or parish
 - Determine direction of programs of the diocese or parish
 - Hire, supervise or evaluate personnel
 - Determine what to cut or eliminate when trying to balance the budget
- **Responsibilities with regard to Alienation and Acts of Extraordinary Administration**
 - **For Alienation of Stable Patrimony and Acts of Extraordinary Administration** requires the permission of the Ordinary and in some cases the Holy See, if beyond the prescribed financial limits.

- **Maximum and minimum sums for alienation and for acts of Extraordinary Administration are as follows:**
 - Maximum: \$3,500,000 for our Archdiocese
 - The minimum limit for alienation and any transaction which, according to the norm of law, can worsen the patrimonial condition: \$250,000.
 - For **other juridic persons subject to the Diocesan Bishop** (*i.e. parishes/missions and agencies of the Archdiocese*) the new maximum sum for alienation is \$5,000,000 , and the minimum is \$25,000 or 5% of prior year ordinary annual income, whichever is greater.
 - Parishes and agencies must seek the authorization of the Archbishop for any acts of Alienation or Extraordinary Administration which are greater than 5% of ordinary annual revenue.
- **Alienation** of property is when a juridic person divests itself of all or part of its stable patrimony.
 - A parish is a **juridic** person
 - **Stable patrimony** is defined in Canon Law as that property which is dedicated to the life of the church such as the church building and other property used in the daily course of life of the parish. This may not include land donated in a distant location which might be later sold.
- **Acts of Extraordinary Administration**
 - Acts of Extraordinary Administration are:
 - Initiating a program of financing by the issuance of instruments such as bonds, annuities, mortgages or bank debt in excess of minimum set in accord with Canon 1292.1
 - Resolving an individual or aggregate claim(s) by financial settlement in excess of the minimum amount set in accord with Canon 1292.1
 - Engaging 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, for the purpose of generating income to carry on such activities
 - Entering into any financial transaction or contractual agreement, the terms of which address matters involving an actual or potential conflict of interest for the diocesan bishop, vicar(s) general, Episcopal vicar(s), auxiliary bishops(s) or diocesan finance officer
 - Filing a petition of relief under Title 11 of the United States Code (commonly referred to as the United States Bankruptcy Code).

Policy 2. Budgeting

Each juridic person (Archdiocese, parishes, missions, and agencies) will complete an annual budget.

- **Process**
 - The fiscal year runs from July 1- June 30. The annual budget will be compiled and completed by May 30th of each year.
 - A copy of parish and agency budgets shall be forwarded to the Archdiocesan Chief Financial Officer by June 30th of each year.
- **Accountability**

- **Quarterly “Year-To-Date Financial statements** including Balance Sheet and Income & Expense statements (compared to budget) are due within 30 days after the end of each quarter, to the Parish Finance Council.
- **Quarterly “Year-To-Date Financial statements** of Balance Sheet, Income and Expense statements (compared to budget) are due within 45 days after the end of each quarter, to the Archdiocesan Finance Office.
- **Annual “Year-To-Date” Financial statements** are to be shared with the Finance Councils/Finance Committees within 60 days of the close of the fiscal year.
- **Annual “Year-To-Date” Financial statements** are to be sent to the Archdiocesan Finance Office within 60 days of the close of the fiscal year along with the other Annual Reporting requirements in Appendix (F-1)

Policy 2 – Accounting

Accounting shall be completed in accordance with Accounting Principles and Procedures for Church and Church Related organizations, GAAP -Generally Accepted Accounting Principles, and the Archdiocesan procedures below. All entities should be reporting on an accrual accounting basis.

Procedures:

- **Accounting systems**
 - The Archdiocesan Accounting System mandated for Parish use is ‘**ParishSoft - Connect Now**’ a web based financial accounting system.
 - For parishes of larger than 100 families, the Connect Now accounting software is required.
 - For parishes and mission of 100 families or less, other arrangements may be made with the Archdiocese Finance Officer. Each parish/mission will use the same chart of accounts (Appendix F-2)
- **Financial reporting**
 - **Quarterly “Year-To-Date Financial statements** including Balance Sheet, Income and Expense statements (compared to budget) are due within 30 days after the end of each quarter, to the Parish Finance Council and 45 days after end of quarter to the Archdiocesan Finance Office.
 - **Annual Financial Statements** are due within 60 days after the close of the fiscal year, to the parish and the Archdiocesan Finance Office
 - Annual Report Requirements provided in Appendix (F-1)
- **Archdiocesan Assessment**
 - The Archdiocesan Assessment is **16.6%** of the parish net assessable revenues.
 - **Exemptions** from the assessment are granted for the following:
 - **Revenue exemptions:**
 - **Building Funds or Capital Campaigns** which have been approved in advance by the Office of the Archbishop.
 - **Investment and Interest Income**
 - **USCCB Special Collections and Diocesan–wide approved special collections** (funds held for others)

- **Parish Rebates** received from annual appeal efforts are exempt (up to ½ of Diocesan Goal)
 - **Approved Subsidy** to parishes from the Archdiocese.
 - **Exemptions related to expenses:**
 - **Financial Support of Archdiocesan Schools** is granted for the amount of subsidy or donation that a parish gives directly to an Archdiocesan School from current income (volunteer hours, donation of supplies and other in-kind contributions are not part of the exemption.) Parishes are required to provide documentation in accordance with the procedure in the Archdiocesan Financial Administration Policy.
 - **Parish Special Event Fundraisers** are assessed **only on net of income and expense**
 - **The Assessment Report will be due annually from each Parish – to be sent with the Annual Reports. The Net Assessable income from current year will be used as a ‘basis’ to determine future year monthly invoices for the archdiocesan assessment.**
- **Procedures for reporting a claim of exemption on the Archdiocesan Assessment Cash Flow Report (Appendix F-3)**
 - **Building Fund exemption** is granted by the Archbishop, usually in relation to a specific fundraising plan approval. (See Construction Guidelines for how to apply for this exemption.)
 - Documentation for initial claim of exemption includes copy of the Archbishop’s approval letter. Future reports should include the effective date the exemption begins and the date the exemption ends.
 - **Parish Special Event Fund Raising-** income is reported as revenue and the expenses for the event are recorded in the “*adjustments to income*” section of the Archdiocesan Assessment Cash Flow Report. **Please identify the specific special event.**
 - **Exemption for Archdiocesan Catholic School Support** requires the at least one of the following forms of documentation when claiming an exemption:
 - With this claim of exemption at the close of the fiscal year, provide documentation of the Pastor’s/ Parish Leader’s decision, including any minutes which reflect consultation and dialogue with the Parish Finance Council, to provide financial support to the parish’s school including an estimated dollar value of this support. For questions regarding documentation please contact the Archdiocesan Chief Financial Officer.
 - Copy of minutes where a specific decision to donate is made, along with copies of the check written for the donation.
 - Documentation of a decision to take up a parish special collection along with copy of the check making the donation
 - **Archdiocesan Subsidy** – should be recorded in the adjustments section on line J.
 - **Interest and Investment Income-** is recorded in the adjustments section and should match line D in the Total Revenue section of the report
 - **Parish Rebates** - are recorded in revenue and are only exempt up to ½ the Parish Diocesan Goal amount.

NOTE: No exemption will be honored if the documentation does not accompany the report.