

## **FINANCE RELATED EXCERPTS FROM THE COMPILED POLICIES OF THE ARCHDIOCESE OF ATLANTA REVISED 02/06/09**

### **9. PRIESTS' SALARIES AND BENEFITS**

- 9.1 Each priest is paid a monthly stipend, which includes a Social Security allowance. The exact figures are published annually by the archdiocesan Finance Office. Remuneration levels will be reviewed on an annual basis so as to increase in an amount at least equal to the cost of living index, which shall be calculated by the Chief Financial Officer and approved by the Archbishop.
- 9.2 It is the responsibility of each priest to provide his own automobile. Priests shall be reimbursed from the parish, mission or ministry, for the normal operating expenses of their automobile by one of the following methods:
- 1) 80% of all operating expenses including gas, oil, insurance, repairs, etc. or
  - 2) An amount, published annually by the archdiocesan Finance Office, per mile for mileage driven on church business provided the priest submits to the parish, or other institution, a written documentation of those miles.

Operating expenses do not include extraordinary replacements such as a new motor or transmission. Further, the parish will not pay for personal trips, nor, in the case of repairs due to accidents, for costs above those paid by insurance coverage.

- 9.3 It is a requirement of federal law, that each archdiocesan priest receive annually a W2 and G2 wage and tax statement for federal and state income tax purposes from the parish or institution to which he is assigned. The total compensation on the form, for income tax purposes, should equal the priest's salary, car allowance if he chooses the 80% reimbursement option, plus any other compensation received from the parish. This same provision is applicable to any priest, whether diocesan or religious, who receives a salary check in his own name. The archdiocesan Finance Office will issue more detailed directives on this subject at the end of each calendar year.
- 9.4 Members of religious orders working in the Archdiocese are responsible for insuring that checks for salary, automobile allowance and any other compensation, are made payable either to their respective communities or jointly to the person and their religious community. In cases where salary or stipend checks are made payable solely to the priest, W-2 and G-2 forms shall be issued to the individual.
- 9.5 Each priest who owns a vehicle in the Archdiocese shall maintain minimum insurance coverage in the following amount:
- \$1,000,000.00 included in the combined single limit of liability.
- 9.51 If insurance coverage is obtained independently of the archdiocesan fleet coverage, a copy of the current policy and certification must be presented by the priest to the Finance Department of the Archdiocese. The Archdiocese must be named as an additional insured on the priest's policy.

## **14. Lay Employees**

### **14.2 Qualifications**

14.2.2 Pastors/administrators shall not hire a business manager or bookkeeper without receiving prior certification from the archdiocesan Finance Office that the person is qualified for the position.

## **15. PARISH ADMINISTRATION**

### **15.8 Computers**

15.8.1 If a parish is considering the purchase of a computer, the Pastor shall contact the Director of Information Systems in order to coordinate compatibility with the archdiocesan system. The archdiocesan system for parish census information management is Parishsoft. No other new programs may be used for that area.

15.8.2 Purchase of computer hardware and software shall be coordinated through the Director of Information Technology Office. Request should be sent to support@archatl.com. In addition, the archdiocesan Finance Office will provide technical support for the Logos financial software and Parishsoft church management software and maintains the database for the Archdiocesan Annual Appeal.

## **17. TAXES**

17.1 The Archdiocese, its parishes, agencies and other institutions are considered exempt organizations by both the federal government and the state of Georgia and are exempt from federal and state income tax, but not from income tax calculated on unrelated business income. Examples of unrelated business income are income from advertising, rental of personal property, purchase and sale of food coupons, etc. Any questions concerning unrelated business income shall be referred to the archdiocesan Finance Office.

17.2 The state of Georgia does not exempt churches from sales tax. Schools are exempt from sales tax on the purchase of items used for educational purposes.

17.3 Any inquiry by any government taxing agency, such as the Internal Revenue Service or the Georgia Department of Revenue, shall be referred to the Chief Financial Officer of the Archdiocese, or in his absence to the Chancellor. The individual archdiocesan entity receiving such an inquiry shall not make a response without this prior consultation

17.4 Contributions to churches or schools in lieu of all or partial tuition payments are not deductible for income tax purposes and shall not be acknowledged as a donation by the receiving institution.

## 17.5 NON-EXEMPT PROPERTY

- 17.5.1 Georgia ad valorem tax must be paid on all real property, including vacant land, not being used directly for church or school purposes.
- 17.5.2 A list of all non-exempt property shall be furnished each year to the archdiocesan Finance Office so that the proper filing in each county can be made.

## 19. INSURANCE

- 19.1 The Archdiocese has a protected self-insurance program which provides uniform property and blanket liability coverage under one plan for all parishes, schools, institutions and agencies, including parish organizations and parish-sponsored events.
- 19.2 The personal property of priests, sisters and brothers is covered on and off premises up to an annual aggregate of \$10,000. This coverage is supplementary to an individual's personal homeowner's policy. Such a personal policy is necessary if personal effects exceed \$10,000 in value.
- 19.3 All liability incurred in workers' compensation cases is under the statutes of the state of Georgia -- as a result it may include people who volunteer their services on a regular basis (defined as "unpaid employees"). Coverage is based on law, and all benefits are paid as prescribed by law. Report all work-related accidents to Companion Group within 24 hours at 888-925-0067 ext. 46698.
- 19.4 The archdiocesan self-insurance program is administered by Catholic Mutual. All losses, accidents or potential claims should be reported to Catholic Mutual, at (404) 876-5995 (9:00 a.m-5:00 p.m., Mon-Fri) or 1-800-668-6108 (24 hour answering service). There shall be no private negotiations with any firms or possible claimants without first obtaining advice from Catholic Mutual.
- 19.5 If outside groups, which have no affiliation with the Archdiocese or its entities, rent or otherwise use facilities of any parish, school or other archdiocesan institution or agency, they shall purchase a "special events" insurance policy through the Archdiocese or provide proof of insurance coverage in the form of an insurance certificate which names the Archdiocese of Atlanta as "Additional Named Insured."

## 20. FINANCES

- 20.1 All directives issued by the archdiocesan Finance Office shall be followed.
- 20.2 The finances of parishes and schools are subject to directives issued by the archdiocesan Finance Office with the approval of the Archbishop. All accounting for parishes shall be done in accordance with the chart of accounts designed for the Logos software system.

20.3.1 All parish, mission, school, and agency budgets shall be reviewed by the archdiocesan Finance Office.

20.3.2 All parish, mission or agency loans shall be arranged through the archdiocesan Finance Office.

#### 20.4 SECOND COLLECTIONS

20.4.1 All second collections shall be taken up on the date assigned by the Archbishop and shall be sent in total to the archdiocesan Finance Office within thirty (30) days of the collection date. No deduction for “administrative record keeping fees” is allowed.

20.4.2 Under no circumstances shall cash be mailed. It is to be deposited into the parish bank account and a check for the said amount forwarded to the archdiocesan lockbox with a written explanation of the purpose for which the cash was collected.

20.4.3 The concept of stewardship advocates the absolution of second collections which are intended solely for the support of parish programs. All other second collections, whether mandated by the National Conference of Catholic Bishops or by the Archdiocese fall within the understanding of stewardship and give people an opportunity to decide which particular charities they prefer to support. These collections must be implemented. This means that pastors are to distribute envelopes for them, and the collection is to be taken up in the same manner that the offertory collection is taken -- that is by passing baskets through the pews.

#### 20.5 CHECK SIGNING

20.5.1 In parishes with more than one priest, authorized check signers ordinarily shall be limited to the priests. In parishes with only one priest, or missions without a full-time priest, another individual may be authorized to sign checks in accordance with the process established in 20.5.2. Similar authorization may be obtained in the case of parishes which have a professional business manager.

20.5.2 Where someone other than a priest is authorized to sign checks, permission for the specific named individual shall first be obtained from the archdiocesan Finance Office. Permission shall be granted only after appropriate internal controls are in place. The person who reconciles the bank statement shall not have signature power on the account.

20.5.3 Under no circumstances shall blank checks be signed. Furthermore, the use of rubber signature stamps for signing checks is strictly prohibited.

## 20.6 INTERNAL AUDITS

20.6.1 An internal audit service is provided to parishes, schools and agencies by the archdiocesan Finance Office. Parishes may request this service by contacting the archdiocesan Finance Office.

20.6.2 Parishes which have not requested an internal audit will be selected by the Archbishop's office for such an audit so that, eventually, each parish will receive an audit on a regular, periodic basis.

20.7 PARISHES WHICH RECEIVE DONATIONS OF STOCK may maintain brokerage accounts for receipt of such stock, or may forward certificates to the archdiocesan Finance Office for processing. Individual parishes and institutions shall not invest in or hold stocks or bonds. They may, for long-term savings, invest in the common fund of the Archdiocese. "Long term" is defined as meaning more than 12 months.

## 20.8 SAVINGS

20.8.1 All savings of parishes, missions or agencies of the Archdiocese shall be deposited in the archdiocesan deposit and loan program or the common fund of the Archdiocese. For purposes of this policy, savings is defined as funds now deposited in savings accounts or certificates of deposit, or any excess funds other than funds held for long term investment in the common fund of the Archdiocese, or otherwise invested with the special permission of the Archbishop. The minimum required deposit to the common fund is \$100,000. This is not applicable to money being kept on a very short-term basis, e.g. money collected for school tuitions.

## 20.9 ASSESSMENTS

20.9.1 Each parish and mission is subject to archdiocesan assessment, general assessment, school assessment and assessment for the Archdiocesan Annual Appeal. The formula by which assessments are calculated is as follows:

The regular assessment shall be computed on total "ordinary church income" as follows:

- 3% of first \$50,000
- 8% of next \$50,000
- 11 % of next \$250,000
- 15% over \$350,000

The school assessment shall also be calculated on total “ordinary church income” as follows:

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-2010</u>
Rate	15% over \$250,000	14.25% over \$250,000	14.25% over \$300,000	13.75% over \$300,000

20.9.2 The regular assessment for any year is computed on income realized in the second preceding year. For example, the assessment for the fiscal year ending June 30, 2010 is computed on income realized in the fiscal year ending June 30, 2008.

20.9.3 The assessment for the Archdiocesan Annual Appeal shall be 8% of total ordinary church income, as defined. The assessment for the Annual Appeal for any year is computed on income realized in the second preceding year. For example, the Annual Appeal assessment for the fiscal year ending June 30, 2010 is computed on income realized for the fiscal year ending June 30, 2008.

20.9.4 Church income shall be defined as all income of the church measured in conformity with accepted accounting principles except for the following:

1. School of Religion income (income received from school of religion activities and classes not School of Religion expenses).
2. Annual Appeal income received as a result of exceeding the Archbishop’s Annual goal for a particular parish.
3. *Georgia Bulletin* cost to the parish for newspaper subscriptions for registered parishioners.
4. Gains for sale of property used for parish operations.
5. Building fund drives approved by the Archbishop. Drives are limited to three years from date of approval.
6. Day Care or extended care income.
7. Gain/Losses on stock donations.
8. Bequests
9. Parish organization incomes.
10. Subsidies to parishes from the Archdiocese or subsidies to missions from other parishes.
11. Investment/Endowment Income.
12. Interest earned on approved building funds deposited in the D&L.
13. Cemetery and Columbarium Income.

20.9.5 Accelerated debt payments will be free from archdiocesan assessment under the following conditions:

1. Parishes that were granted special terms on debt will only be exempt on the portion of the accelerated payment that exceeds recomputed amortization on normal Archdiocesan terms.
2. New amortization schedules will be created no more than two times per fiscal year.
3. The amount exempted may not exceed the cash surplus for the year, net of building fund revenue, for the year in which the payment is made, i.e. exempt payments must not be made from past savings.
4. All other debt payments due to the Archdiocese must be satisfied and current.

## 20.10 RESERVE FOR REPLACEMENT

20.10.1 Each parish, mission and agency/institution shall to establish a reserve for replacements. Funds in the reserve account shall be held in the archdiocesan deposit and loan fund, in a separate account, in the name of the parish, mission or institution. These funds may be used only for capital replacements, not for ordinary repairs and maintenance.

20.10.2 Each parish and institution shall devise a method for funding its replacement reserve. The proposed formula shall be submitted to the archdiocesan Finance Office for review along with the proposed annual budget. The amount to be funded shall be included in that budget. The archdiocesan Finance Office is available to provide advice on how best to calculate the formula for such a fund.

20.11 Pastor's approval of expenditures and contracts.

20.11.1 Expenditures above a certain limit require prior approval from the Archdiocesan Finance Office. Effective January 2009, the limits shall be:

1. If the annual offertory income of the parish exceeds \$1,000,000 the limit will be \$50,000;
2. If the annual offertory income of the parish is between \$500,000 and \$1,000,000, the limit will be \$20,000;
3. If the annual offertory income of the parish is below \$500,000, the limit will be \$10,000.

The established limit is for the purpose of an accountability process. Consequently, the policy intends to cover the total cost of a particular project rather than the amount of individual checks.