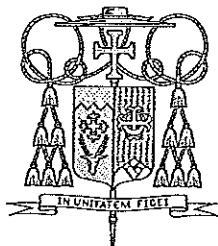


**Parish
Finance &
Administrative
Manual

2013**

The Roman Catholic Diocese of Burlington



OFFICE OF THE BISHOP

Fifty-five Joy Drive
Post Office Box 2226
South Burlington, Vermont 05407

Phone: (802) 658-6110
Fax: (802) 658-0436

My dear brothers and sisters in Christ:

The spiritual, pastoral, charitable and sacramental ministries of our Diocese and parishes are supported by the generosity of our good people. As is noted in the *Code of Canon Law*, canon 1254, §1, the purpose of receiving temporal goods is "to order divine worship, to care for the decent support of the clergy and other ministers, and to exercise works of the sacred apostolate and of charity, especially toward the needy." With this in mind, it is necessary that we practice conscientious and prudent stewardship with the gifts given to us by God's faithful.

As the Diocesan Bishop, it is my duty to exercise vigilance over the spiritual, pastoral and temporal life of the Catholic Church in Vermont (cf. *Code of Canon Law*, canon 329). Therefore, united with our devoted pastors and administrators, who assist me in the fulfillment of these responsibilities, I hereby promulgate this revised *Parish Finance & Administrative Manual, 2013*. Through our mutual cooperation in the acquisition and administration of the temporal goods of the Church, may the Gospel of Our Lord continue to be proclaimed throughout the State of Vermont and our less fortunate brothers and sisters always know of our concern for their needs.

I also wish to express my deep gratitude to the Diocesan Finance Office, under the direction of Mr. Martin A. Hoak, Diocesan Finance Officer, the Diocesan Office of Human Resources and other consultative bodies, and all who provided assistance in preparing this *Manual*. I am confident that the effort given to this work will bear much fruit on the parish and diocesan levels.

Asking God's blessing upon our beloved Diocese and invoking the intercession of Our Mother Mary, Patroness of our Diocese under the title of the Immaculate Conception, I remain

Devotedly yours in Christ,

+ *Salvatore R. Matano*

The Most Reverend Salvatore R. Matano
Bishop of Burlington

Given at the Chancery of the Diocese of Burlington on the first day in the month of November, in the Year of Our Lord two thousand thirteen, the Solemnity of All Saints,

Attested to by:

John J. McDermott

The Reverend Monsignor John J. McDermott
Vicar General and Chancellor

Fr. Daniel E. White

The Reverend Daniel E. White
Vice Chancellor and Moderator of the Curia

Table of Contents

Title	Section Number:
Introduction	I
The Parish: Membership, Structure & Leadership	II
Parish Finance Council	III
Budgeting and Reporting.....	IV
Human Resources/Payroll	V
Chart of Accounts.....	VI
Cash Receipts	VII
Fundraising	VIII
Investment Policy	IX
Cash Disbursements	X
Record Retention	XI
Parish Development	XII
Parish Cemeteries.....	XIII
Schools	XIV
Policy Sub-Sections.....	XV

I. INTRODUCTION

1. Overview

This *Parish Finance and Administrative Manual* (hereinafter referred to as “Manual”) is issued by the Diocese of Burlington’s Parish Financial Services Office with the approval of the Diocesan Bishop, whose mission includes providing parishes with direction and support on accounting and financial matters in order to assist them in the stewardship of parish economic resources.

This Manual has been updated and expanded to improve and enhance support to parishes, including their schools and cemeteries, on administrative and financial matters. All policies and manuals in place prior to this date are rescinded and superseded by and with this Parish Finance and Administrative Manual, and the policies herein.

Specifically, this Manual is designed to assist parishes by documenting key financial and administrative policies, internal control guidelines and reporting issues. The practices herewith outlined and explained are essential for the proper governance of the parish, in accordance with civil law and the canons of the *Code of Canon Law*. Thus, all are expected to adhere to a uniform system of financial stewardship, as detailed in this manual.

In addition to the canonical and civil requirements referenced above, there are also practical reasons for maintaining a standardized, complete, and consistent financial system. For instance, when pastors are appointed to another parish, it is time-consuming and inefficient to learn a local set of financial policies and procedures, particularly when established law supersedes local custom or practice.

This Manual is intended to standardize Diocesan financial policies and encourage their consistent application by parishes. Standardization provides for consistent classification of income and expenses and financial reports. This also allows the staff of Diocesan Parish Financial Services to answer parish questions efficiently and to save parish staff time in conducting its regular accounting tasks.

The Diocese of Burlington is committed to providing parishes and their staff with updated tools to enhance financial stewardship and to support the ministry of the Church which improves our ability to do the Lord’s work in our parishes and communities.

2. Distribution and Updates

A copy of this Manual will be assigned and given to each parish and mission, to be kept in the parish (or mission) office for any parishioner to review.

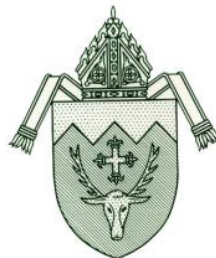
An additional master copy will also be given to each parish and mission on a CD for the purpose of duplication and distribution to all parish clergy, the parish accountant/bookkeeper, and all members of the parish Finance Council.

Appendices are attached at the end of some chapters with copies of forms and supporting documents.

Updates to this Manual will be provided from time to time when issued by Diocesan Parish Financial Services with the approval of the Diocesan Bishop.

3. Decree of Promulgation

The norms and provisions of this *Parish Finance and Administrative Manual* are in effect in all parishes of the Diocese of Burlington as of January 1, 2014, in accord with canons 537 and 1276 and as promulgated by the Diocesan Bishop in the Decree of Promulgation dated November 1, 2013, and accompanying this Manual.



II. THE PARISH: MEMBERSHIP, STRUCTURE, & LEADERSHIP

1. Overview

As defined by the canons of the *Code of Canon Law*, the law of the Roman Catholic Church, a parish is “a certain community of Christ’s faithful stably established within a particular church [diocese], whose pastoral care, under the authority of the diocesan Bishop, is entrusted to a parish priest as its proper pastor” (canon 515).

A parish is the community where the faith life of each member is nourished. It is a family where, under the leadership of the pastor, each member contributes to the success of the whole, of the building up of the Kingdom of God in the local community, as part of the Universal Church.

In addition to being an ecclesial body, each parish within the Diocese of Burlington is organized under the laws of the State of Vermont as a charitable trust in accordance with its Declaration of Trust. The sole Trustee of the parish charitable trust is the Bishop of Burlington, who holds as Trustee all assets of the Trust according to the terms of the Declaration of Trust.

Each parish charitable trust comprises the following:

- **Parishioners** are the lay members of the parish. They partake of the Sacraments and are encouraged to play an active role in the parish mission, volunteering in many capacities. They are relied upon to financially support the parish as their means permit.
- The **pastor** or **administrator** of the parish charitable trust is ex officio the trust administrator of the parish charitable trust. The trust administrator shall be responsible for the active management of the operations and affairs of the parish. He is the spiritual and administrative leader of the parish and has the legal authority to act on behalf of the parish within the parameters defined by the Trustee in his formal appointment of each trust administrator.
- **Additional clergy** assigned to a parish may include **parochial vicars, priests in residence, and deacons**, who assist the pastor in fulfilling the Church’s mission.
- **Religious sisters and brothers** may work in the parish and assist, for example, in parish religious education programs, the parish school or child care, etc.
- **Lay Employees** of the parish assist the pastor in fulfilling the parish mission. Employees can include the director of religious education, youth minister, music minister, parish secretary, bookkeeper, business manager, accountant, custodian, cook, housekeeper and so forth.
- **Parish Pastoral Council** (commonly referred to as the Parish Council), required by Diocesan policy, is a consultative board, representative of clergy, religious and laity, which works together under the guidance and direction of the pastor to promote the spiritual welfare of all persons within the parish as outlined in Exhibit B of the parish Declaration of Trust (cf. canon 536 §1).

- **Parish Finance Council** is a consultative board to aid the pastor in the administration of parish goods as required by the canons of the *Code of Canon Law*. It shall consist of no less than five members and shall include the pastor and at least one parish council member. It also offers counsel to the pastor as outlined in Exhibit B of the parish Declaration of Trust on various matters including budgets and financial reports (cf. canon 537).

2. The Parishioner

Every Catholic is a member of a parish. Every parishioner is encouraged to register in his/her parish and play a full and active role in parish life. In addition to the regular reception of the Sacraments, culminating in the faithful attendance at Holy Mass on Sundays and holy days of obligation, as well as ongoing catechesis, parishioners may volunteer under the guidance of the pastor/administrator to help as catechists in religious education programs, organize youth ministry and adult events, assist in charitable activities in the community and so forth. They may be invited by the pastor/administrator to serve as, among other roles, extraordinary ministers of Holy Communion, lectors, altar servers and ushers.

Parishioners are encouraged to offer their talents and expertise to further the mission of the parish by serving on the parish Pastoral Council and parish Finance Council.

Parishioners have a responsibility to offer financial support to their parish, according to their means (cf. canon 222 §1). They rightly expect to be informed, each quarter, of the financial affairs of their parish through a financial report of the parish, prepared by the pastor with the assistance of the parish Finance Council.

God calls all of us to holiness, nurtured by participation in the life of the Church. This effort helps to bring about the sanctification of the world and assists in its evangelization.

In his 1988 Apostolic Exhortation *Christifideles Laici* ("The Lay Members of Christ's Faithful"), Pope John Paul II issued a timely reminder to all members within the Church that each person is called to participate in the mission of evangelization:

"The whole Church, Pastors and lay faithful alike . . . ought to feel more strongly the Church's responsibility to obey the command of Christ, 'Go into all the world and preach the gospel to the whole creation' (Mark 16:15), and take up anew the missionary endeavor. A great venture, both challenging and wonderful, is entrusted to the Church – that of a re-evangelization, which is so much needed by the present world. The lay faithful ought to regard themselves as an active and responsible part of this venture, called as they are to proclaim and to live the gospel in service to the person and to society while respecting the totality of the values and needs of both." (No. 64)

3. The Pastor *

According to the *Code of Canon Law*, the pastor “exercises the pastoral care of the community [parish] entrusted to him under the authority of the Diocesan Bishop, whose ministry of Christ he is called to share, so that for this community he may carry out the offices of teaching, sanctifying and ruling with the cooperation of other priests or deacons and with the assistance of lay members of Christ’s faithful, in accordance with the law” (canon 519).

3.1 Leadership

The pastor is the spiritual leader of the parish community. He is also the person directly responsible for the daily administration of the parish, including oversight of clergy, employees and volunteers and stewardship of all financial matters – all matters pastoral and financial of his parish.

The pastor should lead by example, always calling forth a good and faithful effort from parish clergy, religious, lay employees and volunteers. Pastors recognize that the lay faithful must play an important role in assisting them in the administration of the parish by contributing their time and talents to further the mission of the Church. Through the parish Pastoral Council or the parish Finance Council, parishioners assist the pastor by sharing their professional advice and expertise.

3.2 Pastoral Responsibilities

According to the *Code of Canon Law* (cf. canons 528-529), the pastor’s pastoral responsibilities include:

- Ensuring that the Word of God and all the Truths of the Faith are proclaimed to the people of the parish through preaching, teaching and catechesis;
- Ensuring that the Most Holy Eucharist is the center of life in the parish and making certain that all of the other Sacraments are offered and faithfully administered through sound and systematic catechesis, preparation and instruction. The pastor must strive to ensure that Christ’s faithful “are nourished through devout celebration of the sacraments and especially that they frequently approach the sacrament of the Most Holy Eucharist and the sacrament of penance....”;
- With a shepherd’s heart, knowing the people under his care, offering the consolation of God’s love and supporting family life. The pastor “is to be especially diligent in seeking out the poor, the suffering, the lonely, those who are exiled from their homeland, and those burdened with special difficulties”;
- Recognizing and promoting the role of the laity and their specific vocation in the Church. The pastor “is to endeavor to ensure that the faithful are concerned for the community of the parish, that they feel themselves to be members both of the Diocese and the Universal Church, and that they take part in and sustain works which promote this community.”;

* Throughout this policy when “Pastor” is referenced, it is understood to also apply to Administrator.

- Encouraging vocations to the priesthood and the religious life;
- Maintaining Sacramental records; and
- Creating and overseeing various parish organizations such as the Parish Pastoral Council, the Parish Finance Council, and other evangelization and social societies.

3.3 Financial and Stewardship Responsibilities

The administration of the operations and affairs of the parish is to be carried out by the pastor as Trust Administrator of the parish charitable trust subject to the prior written approval of the Trustee who retains the right to intervene in case of negligence (cf. canon 1276; 1279 §1).

The *Code of Canon Law* (cf. canons 1284-1287) contains some general norms for pastors on the administration of parish property, goods, and finances. These include:

- Overseeing the implementation of all parish policies, procedures, and guidelines as defined by the Diocese of Burlington;
- Making certain that the parish is in compliance with all civil laws;
- Overseeing the use of parish assets, properties, and buildings;
- Developing short-term and long-term financial budgets;
- Maintaining parish bank accounts and all investments;
- Maintaining adequate insurance for the protection of all church properties;
- Implementing financial controls and the monitoring of such controls;
- Creating and administering parish spending policies;
- Archiving the documents and records on which the property rights of the church are based, and deposit authentic copies of them in the archive of the Diocese; and
- Administering the lay personnel policies of the Diocese (hiring, terminating, performance evaluations, etc).¹

The pastor is assisted in his administrative duties by the parish Finance Council (*see Item 4 below*).

¹ **Canon 1286:** “Administrators of goods: 1° in the employment of workers are to observe meticulously also the civil laws concerning labor and social policy, according to the principles handed on by the Church; 2° are to pay a just and decent wage to employees so that they are able to provide fittingly for their own needs and those of their dependents.”

3.4 The Parish Charitable Trust

In the State of Vermont, Catholic parishes are organized as parish charitable trusts. Each parish charitable trust shall at all times be operated exclusively for charitable, religious or educational purposes to carry out the purposes of the Roman Catholic Church. The structure, organization and operation of the parish charitable trust are as described in its Declaration of Trust.

4. The Parish Finance Council

“Each parish is to have a Finance Council which is regulated by universal law as well as by the norms established by the Diocesan Bishop; in the Council, the Christian faithful, selected according to the same norms, aid the pastor in the administration of the parish goods with due regard for the prescription of canon 532” (canon 537).

The Parish Finance Council is a consultative body of clergy and laity that advises the pastor in matters pertaining to the financial affairs of the parish. As a good and conscientious steward, the pastor is expected to invite qualified parishioners to become members of the Parish Finance Council and share their expertise and advice.

The parish Finance Council assists the pastor in the following ways:

- Supports the pastor to safeguard the assets of the parish;
- Assists the pastor in the preparation of budgets;
- Monitors, with the pastor, the financial performance and effectiveness of offertory collections and other fund-raising activities;
- Helps to develop, with the pastor, long-range plans for the financing of repairs and renovations of property and purchase of equipment, as needed;
- Oversees, with the pastor, the implementation of all Diocesan policies on financial matters, spending guidelines, and long-range plans for parish investments; and
- Monitors, with the pastor, procedures and controls to ensure that all requirements of federal and state tax and employment laws are met and accurate records are maintained.

With the help of the Parish Finance Council, the pastor prepares and publishes quarterly and annual Financial Reports for distribution to the Parish Pastoral Council and the parish community.

The responsibilities of the Parish Finance Council are covered in greater detail in *Chapter III, Parish Finance Council*.

5. The Diocesan Bishop

According to the *Code of Canon Law*, “by divine institution, Bishops succeed the Apostles through the Holy Spirit who is given to them. They are constituted Pastors in the Church, to be the teachers of doctrine, the priests of sacred worship, and the ministers of governance” (canon 375).

The Diocesan Bishop is the authentic teacher of the faith in the Diocese. His mission is “to seek in every way to promote the holiness of Christ’s faithful according to the special vocation of each. Since he is the principal dispenser of the mysteries of God, he is to strive constantly that Christ’s faithful entrusted to his care may grow in grace through the celebration of the Sacraments, and may know and live the Paschal Mystery” (canon 387).

The Diocesan Bishop is also the chief Pastor and Shepherd of the Diocese, overseeing all of its activities, ministries, and parishes which, together, seek to fulfill the mission of the Church in a particular place. He exercises his authority with the assistance of both clergy and laity. The College of Consultors and the Presbyteral Council provide advice on matters pastoral and financial. In addition, the Diocesan Administrative Board and the Diocesan Finance Council provide advice and assistance on various matters.

The Bishop of Burlington is responsible for overseeing the proper administration and conduct of each Roman Catholic community of faith in Vermont. He does so by appointing a competent priest as pastor or administrator, and receiving regular reports and updates on the parish. The Bishop, moreover, visits each parish as often as is practicable, to celebrate Mass, administer the Sacrament of Confirmation, or attend parish activities and events.

It is not necessary, or practical, for the Bishop to attend all meetings of the parish; however, major decisions regarding parish finances, fundraising, real estate transactions, or capital expenditures do require, under civil law and the canons of the *Code of Canon Law*, the consent of the Diocesan Bishop, and in some instances the consent of the College of Consultors and the Diocesan Finance Council.

In terms of effective stewardship of the resources entrusted to the care of the Church, the Diocesan Bishop seeks the advice and support of experienced priests who comprise the College of Consultors, the Diocesan Finance Council, and the Diocesan Administrative Board which includes clergy as well as lay men and women with appropriate professional expertise.

In 2007, the Diocesan Bishop, the Diocesan Finance Officer, and the Diocesan Finance Department embarked on a project to standardize and update the parish finance systems within the Diocese of Burlington. This program was developed by a balanced task force of pastors and lay members of the Diocesan Finance Council.

The Key Elements of this project were to:

- Standardize the accounting systems utilized by all parishes;
- Revise and update the *Parish Finance Manual* and deliver related training;
- Provide guidance to parishes for improved controls over income and expenditures;
- Design new parish financial reports to improve understanding and monitoring at all levels;
- Perform periodic reviews and tests of parish financial controls and compliance with Diocesan finance and administrative procedures;
- Help pastors assess the capabilities of parishes to maintain financial records and recommend training where needed; and
- Encourage parishioners with concerns about parish financial matters to speak directly with their pastor. The Diocese will communicate the procedure for parishioners to communicate any unresolved concerns they may have.

III. PARISH FINANCE COUNCIL

1. Definition

The Parish Finance Council is a consultative body of lay persons mandated by the *Code of Canon Law* to advise the pastor in matters pertaining to the financial affairs of the parish: Canon 537: “Each parish is to have a Finance Council which is regulated by universal law as well as by the norms established by the Diocesan Bishop; in the Council, the Christian faithful, selected according to the same norms, aid the pastor in the administration of the parish goods with due regard for the prescription of canon 532.”

The pastor receives his authority from the Diocesan Bishop and the universal law of the Church to decide and act on behalf of the parish (cf. canon 532). **The Parish Finance Council is 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 Council and the pastor is one of support and mutual cooperation.

2. Relationship to the Parish Pastoral Council

The *Code of Canon Law*, which requires the creation of a Parish Finance Council, clearly places in it the competence to assist the pastor in the administration of parish temporalities. The *Code* also provides for the establishment of a Parish Pastoral Council to assist the pastor in planning, coordinating, guiding, and directing all aspects of parish life (canon 536).

It has been, and remains, the consistent policy of the Diocese of Burlington that a Parish Pastoral Council be established in each parish. While the two councils are separate, and each has a different and specific role in the life and operation of the parish, they must work together for the good of the parish.

The person chosen by the pastor to be the chairperson of the Parish Finance Council shall act as liaison and shall provide the Parish Pastoral Council regular and timely updates (at least four times a year) on the financial status of the parish and the work activity of the Parish Finance Council.

In fulfilling its responsibilities, the Parish Finance Council must be directed by the values of the Gospel and must follow good business practices with integrity.

3. Membership

- The Parish Finance Council shall be composed of the pastor (*ex officio*), and **no fewer than five** reputable and practicing members of the parish who are knowledgeable and skilled in financial matters, and known for their prudent judgment;
- Membership shall be by appointment by the pastor;
- At least one member from the Parish Pastoral Council shall be appointed;
- The parish accountant/bookkeeper shall not be a member of the Parish Finance Council. However, his/her attendance at Council meetings is often necessary given his/her intimate knowledge of the financial activity that transpires during the fiscal year; and
- Members of the Parish Finance Council may not be related to each other (e.g. husband and wife), nor to the pastor, nor to any associate priests or deacons assigned to the parish, nor to any employee of the parish.

4. Terms of Office

Members of the Parish Finance Council shall serve a three-year term and may be appointed to additional three-year terms.

Any member of the Parish Finance Council may be removed for cause by the pastor, but only after having received permission of the Diocesan Bishop.

5. Officers

The pastor of the parish presides over meetings of the Parish Finance Council and receives the Council's proposals.

There shall be a chairperson appointed by the pastor. 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. The chairperson is appointed for a term of one year, and he/she may be re-appointed.

The chairperson's name and contact telephone number must be published on the front of the parish Sunday bulletin. The names of the parish Finance Council members are also to be forwarded to the Diocesan Bishop with a copy to the Diocesan Finance Officer.

The Parish Finance Council will appoint a member to serve as secretary and keep the minutes of the meetings.

6. Meetings

The Parish Finance Council shall normally meet monthly. Meetings and agendas shall be arranged by the chairperson in consultation with and subject to the approval of the pastor. The pastor and members are expected to attend all meetings, but the pastor can defer the running of a meeting to the chairperson.

Priests and deacons of the parish should be invited to all meetings of the Parish Finance Council and encouraged to attend.

Minutes of the Parish Finance Council meetings must be recorded and retained by the secretary with a copy filed in the parish office. These minutes are an important record of Council activities and, upon request, should be made available to parishioners who are interested in Council activities.

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. Such information must be exchanged in a spirit of confidentiality and prudence.

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.

7. Mission

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

- Oversee, with the pastor, the preparation of the annual budget for review by **June 1st** for the following fiscal year, which begins on **July 1st**;
- Oversee, with the pastor, the preparation of quarterly financial reports, these reports are to be published in the parish bulletin no later than **45 days** after the end of the quarter;
- Prepare and publish, with the pastor, no later than **August 15th**, Annual Financial Statements and a report for the Parish Pastoral Council and all parishioners at large;
- Oversee, with the pastor, that the Annual Financial Report is prepared and submitted to the Diocesan Bishop in a timely manner, but no later than **August 15th**. The Annual Financial Report shall include the following components:
 1. The names, professions, and number of term(s) of served, with dates, of the members of the Parish Finance Council;
 2. The dates on which the Parish Finance Council met during the preceding fiscal year;
 3. The date(s) on which the approved annual financial reports, including the statement of activities and financial position, and the annual budget, were made available to parishioners;
 4. A copy of the annual financial reports made available to parishioners, including the statement of financial position, the statement of activities and the annual budget for the upcoming fiscal year. Reports should include the financial activity of all parish organizations such as schools, cemeteries and other organizations using the parish tax ID number;
 5. A statement signed by the pastor and the Parish Finance Council members that they have met, developed and discussed the financial statements and budgets of the parish and they have received and reviewed a copy of the *Parish Finance and Administration Manual 2013*; and
 6. A letter from the pastor summarizing the above components.
- 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;
- Help to develop a long-range plan, with the pastor, for the financing of necessary repairs, renovations, and purchase of equipment as needed;

-
- Help to develop a plan, with the pastor, for the systematic repayment of any parish debt;
 - Help the pastor to monitor all parish fundraising programs and investments;
 - Help the pastor to see that appropriate measures are taken to safeguard the assets of the parish from loss or damage;
 - Help the pastor to monitor the implementation of all Diocesan policies relative to financial matters, as detailed in this *Parish Finance and Administrative Manual*; and
 - Review, with the pastor, the outside auditors, or Diocesan Parish Financial Services personnel, the report on the annual procedures review of the parish (or audit of parish financial statements, if applicable).

The Diocesan Finance Officer is available to assist the pastor and Parish Finance Council in the event additional guidance is necessary.

8. Conflict of Interest Policy

The members of the Parish Finance Council, in making recommendations or providing strategic advice to a pastor, should avoid conflicts of interest, either in fact or appearance. Any member of a Parish Finance Council who has a financial interest in an entity that does substantial business with the parish will be considered to have a direct or indirect conflict of interest. The parish should adopt a Conflict of Interest Policy. The Conflict of Interest Policy should be reviewed annually by the pastor and the members of the Parish Finance Council. (See sample policy in Appendix Section 3.1)

Each member of the Parish Finance Council or Investment sub-committee with responsibility for advising the pastor on investment of parish financial resources shall **annually** sign a statement which affirms that such person:

- has received a copy of the Conflict of Interest Policy;
- has read and understands the policy;
- has agreed to comply with the policy; *and*
- understands that the parish is a charitable organization and that in order to maintain its Federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

(See sample policy in Appendix Section 3.1)

Chapter 3 APPENDIX

Section:

Sample Conflict of Interest Policy_____3.1

Sample Conflict of Interest Compliance and Disclosure Statement_____3.2

Section 3.1 – Sample Conflict of Interest Policy

Parish Name Conflict of Interest Policy

Purpose

The purpose of the conflicts of interest policy is to protect the parish's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the parish. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to the parish and charitable corporations, trusts or foundations.

Definitions

Interested Person

Any member of a Parish Finance Council or Investment Sub-Committee, who has a direct or indirect financial interest, as defined below, is an interested person.

Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family.

- a. An ownership or investment interest in any entity with which the parish has a transaction or arrangement, or
- b. A compensation arrangement with any entity or individual with which the parish has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the parish is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors.

Procedures

Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest to the members of the Parish Finance Council or Investment Sub-Committee considering the proposed transaction or arrangement.

Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest, the interested person shall leave the meeting at which the proposed transaction or arrangement is being considered, while the financial interest is

discussed and voted upon. The remaining Parish Finance Council or Investment Sub-Committee members, in executive session, shall decide if a conflict of interest exists.

Procedures for Addressing the Conflict of Interest

- The chairperson of the Parish Finance Council or Investment Sub-Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- After exercising due diligence, that person or committee shall determine whether the parish can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Parish Finance Council or Investment Sub-Committee shall determine, by a majority vote of the disinterested members, whether the transaction or arrangement is in the parish's best interest and for its own benefit and whether the transaction is fair and reasonable to the parish and shall make its recommendation to the pastor as to whether to enter into the transaction or arrangement in conformity with such determination.

Violations of the Conflicts of Interest Policy

- If the Parish Finance Council or Investment Sub-Committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Parish Finance Council or Investment Sub-Committee determines that the member has in fact failed to disclose a conflict of interest, in fact or appearance, it shall advise the pastor to take appropriate disciplinary and corrective action.

Records and Minutes

The minutes of the Parish Finance Council or Investment Sub-Committee shall contain:

- The names of the persons who disclosed or otherwise were found to have a potential conflict of interest, in fact or appearance, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Parish Finance Council's or Investment Sub-Committee's decision as to whether a conflict of interest, in fact or appearance, existed.
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement and a record of any votes taken in connection therewith.

Section 3.2 – Sample Conflict of Interest Disclosure Statement

Parish Name
Conflict of Interest Compliance and Disclosure Statement

I have received and carefully read the Conflict of Interest Policy for members of the Parish Finance Council and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy. I further understand that _____ Parish Charitable Trust is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Except as otherwise indicated in the Disclosure Statement and any attachments, I hereby state that I do not, to the best of my knowledge, have any conflict of interest that may be seen as competing with the interests of _____ Parish Charitable Trust, nor does any relative or business associate of mine have such an actual or potential conflict of interest.

If any situation should arise in the future which I think may involve me in a conflict of interest, I will promptly and fully disclose the circumstances to the Pastor, as applicable.

I further certify that the information set forth in the Disclosure Statement and any attachments is true and correct to the best of my knowledge, information and belief.

Name (Please Print)

Signature

Date

IV. BUDGETING & REPORTING

1. Budgeting

1.1 Overall Control Environment

The primary purpose of developing a parish budget is to identify for the pastor and the Parish Finance Council the financial resources needed to accomplish the parish's activities, and to bring revenues and expenses into alignment.

Secondarily, a budget provides a framework to ensure that parish funds are properly administered. The comparison of actual results to the budget for revenue and expenses provides:

- An ability to focus on financial shortfalls in enough time to make the necessary operating adjustments;
- A means to anticipate financial surpluses and prudently plan for their use; and
- A basis for evaluating the reliability of budget estimates and to take that knowledge into account in the consideration of revenues and expenses to be included in the next year's budget.

1.2 Creating an Operating Budget

A budget is a financial forecasting tool for planning the operating activities of a parish for the upcoming fiscal year. The budget is prepared annually, no later than **one** month prior to **July 1**, the start of the new fiscal year. A budget is developed based on the revenue and expense experience of the prior year, together with anticipated increases/decreases in any revenue or expense item based on present conditions and any anticipated new activity planned for the next fiscal year.

The budget is created by **either** the Parish Finance Council, in collaboration with the pastor and internal/external accounting personnel, **or** by the pastor alone, with the assistance of such accounting personnel. In either case, the pastor, with the advice of the Parish Finance Council, will approve the final budget. Budgets should be prepared based on the revenue and expense line items that correspond to the Parish Chart of Accounts for the Diocese of Burlington in QuickBooks.

1.3 Maintaining an Operating Budget

Budget variances will always occur and are to be expected. Material variances should be explained.

1.4 Recording and Reporting

A parish budget should be recorded in QuickBooks based on the income and expense line items in the Parish Chart of Accounts. The recorded budget should be identical to that seen by the Parish Finance Council.

The operating financial results should be compared to the budget frequently and presented at least **quarterly** to the Parish Finance Council and the parishioners.

1.5 Creating and Maintaining a Capital Budget

Capital budgeting for the purpose of adding buildings or renovating/ repairing existing properties requires careful planning and includes the development of project cost estimates and resource availability.

The Parish Finance Council can help with this ongoing process by developing a plan and a budget for each project, which is then brought before the Diocesan Building Commission for consideration, and then forwarded to the Diocesan Bishop, as Trustee, for approval.

2. Reporting

Good management reporting is the foundation by which parishes provide for sound decision-making. In the Diocese of Burlington our parishes are required to develop a variety of reports to serve the needs of the parish community, including the pastor, Parish Finance Council, Parish Pastoral Council, and the overall financial health of the parish.

2.1 Periodic (Quarterly) Reporting

Quarterly Reporting

Prior to their meeting following the end of a quarter, the Parish Finance Council should receive a statement of financial position and statement of activities for the quarter just ended from the pastor and the parish accountant/bookkeeper. The reports should include all parish organizations such as schools, cemeteries and other organizations using the parish tax ID number.

Quarterly Reporting to the Parish at Large

The pastor should review the quarterly activity, prepare a commentary on significant matters, and distribute the commentary and the statements of financial position and activities to the parish at large via the parish Sunday bulletin.

Quarterly Ad-hoc Class Reports

“Class reports” for the individual activities/events should be distributed to the chairperson(s) of the various events to assist in their planning for future events and to review the actual results of completed events. Chairpersons should share this information with their volunteer teams for their information and input.

2.2 Annual Reports

As outlined in Chapter III, Section 7, the Annual Report is to be submitted to the Diocesan Bishop by August 15th.

Annual Report to Parishioners

Pastors are required to report annually the results of parish financial activities for the fiscal year ending on June 30th. Such results should include the summarized version of the Statement of Financial Position (Balance Sheet), Statement of Activities (Profit & Loss) and the Annual Budget for the upcoming year.

Additional information may be provided as considered appropriate by the pastor and the Parish Finance Council.

Form 1099 Report for Independent Contractors

The Internal Revenue Service requires that **Form 1099** be issued to **all unincorporated Independent Contractors**, and all law firms regardless of corporate status, to whom a parish has paid \$600 or more for services in the **calendar year**. Form 1099 requires the name, address, federal identification number and federal tax classification of the vendor. Before a parish engages an independent contractor, the independent contractor must complete a form **W-9** –Request for Taxpayer Identification Number and Certification. The completed W-9 will provide all the non-financial information needed to complete the Form 1099. Forms 1099 are required to be completed and mailed to the independent contractors by January 31st of the year following the payments (*see Chapter X, section 1.5, for discussion of Independent Contractor/Employee determination.*)

QuickBooks will accumulate the financial data to be reported by vendor to facilitate production of the required 1099 forms.

2.3 Parish Financial Reports generated by the Parish financial system

There are numerous financial reports available through QuickBooks.

There are three basic types of financial reports, each with various levels of summarization:

- **Statement of Financial Position, *Balance Sheet*** (Assets, Liabilities, and Net Assets);
- **Statement of Activities, *Profit & Loss*** (Revenues and Expenses); and
- **Statement of Functional Activities, *Parish Report by Class*.**

The statement of activities is reporting total revenues and expenses for each natural category. This allows for a focus on the parish's overall financial results and for identifying general trends and cost control issues. The statement of functional activities is focusing on where a cost was incurred and the financial results of particular activities. The sum total of all functional activities should agree with the totals in the statement of activities.

These reports are available for the current fiscal period (year, quarter, month), the current fiscal period compared to the prior fiscal period, and, with respect to the Statement of Activities, Actual vs. Budget, for the current fiscal period.

V. HUMAN RESOURCES/PAYROLL

This section provides guidance to parishes in the administration of hiring, compensation, benefits, and termination of employees at parishes and parish organizations. All parish employees are to be treated equitably, with respect and dignity, and consistent with our Catholic values rooted in the Gospel.

1. HUMAN RESOURCES POLICIES AND PROCEDURES

Policies and procedures for the parishes have been developed by the Diocesan Human Resources Department and are included in the Appendix at the end of this chapter.

2. PAYROLL

Payroll for all parishes will be processed using the assigned Diocesan payroll vendor. This program will calculate the payroll, payroll deductions and net checks. Through this program, the vendor will produce the payroll checks and or direct deposit the net checks.

Under no circumstances is anyone – clergy, religious, employees – to be paid with cash.

2.1 Clergy

a. Diocesan and extern priests (employed in an ecclesial role – clergy) **are “dual-status” employees:**

- For Federal and State income tax purposes, priests and deacons are employees. Their wages are reported on Form W-2 and they pay federal and state income taxes on their wages. The priest may elect to have the Federal and State income tax withheld from his wages.
- For Social Security and Medicare purposes, **Diocesan and extern priests** are self-employed and, therefore, must pay self-employment tax on their wages. This tax cannot be withheld from their wages. Rather, the priest pays it himself in the form of an estimated tax payment, usually quarterly.
- If the priest elects to have Federal and State income tax withheld, then he can increase the amount of Federal income tax withheld to cover the Social Security and Medicare liability and not pay the quarterly estimated tax payments.

b. Members of Religious Communities:

- Those who have taken a vow of poverty are not subject to income tax on wages, fees, or other compensation (including gifts, bonuses and pay for any and all additional services performed) paid to the religious community for their services.

- **The checks for payment must be made payable to the Religious Order, not to the individual religious or priest.**
- The parish does not need to prepare either a W-2 or a 1099 in these cases.

2.2 Lay Employees

a. Legally-mandated deductions from wages:

- All lay employees are subject to Federal and State income tax withholdings on their wages.
- All lay employees are subject to Social Security and Medicare withholdings on their wages.
- Any lay employee is subject to a wage garnishment if documentation is provided by a court of law or state or federal agency.

b. Voluntary deductions from wages:

- Any employee can authorize a voluntary deduction such as:
 - 403(b) Retirement Plan
 - Direct Deposit Savings

2.3 Compensation

All compensation paid to clergy and lay employees must be reported to Federal and State taxing authorities, with taxes and deductions withheld as required by law and the employees' written authorization.

Compensation includes stipends, gifts and bonuses from the employer (i.e., the Diocese or parish, and not individuals), overtime pay, and pay for any and all additional services performed for the same employer. All are subject to tax.

Compensation in the form of payroll must be paid by check or direct deposit to ensure proper recording in the accounting records and proper reporting to taxing authorities.

2.4 Employee Setup

Every employee who will be paid, including clerical personnel, will be set up in payroll system. The setup will include such information as required by law and as evidenced on the new hire employment forms contained at the back of this section: legal name, address, Social Security or tax identification number (TIN), worker's compensation code, job description, pay rate, pay frequency, weekly hours, full or part time, details of paycheck deductions such as number of dependents, filing status, rate or amount of 403(b) deduction. The form noted as Wage and Status is to be used to set-up, change, and terminate an employee. The payroll vendor can track discretionary and vacation time as well.

2.5 Payroll Item Setup

Every payroll item of gross payroll and payroll deductions as well as payroll expenses for the parish must be setup in the payroll system.

Refer to the *payroll vendor's guide* for technical guidance as to how to enter payroll items.

2.6 Paychecks

Paychecks will be calculated and printed or direct-deposited through the payroll system.

- a. Payroll will be processed and paid according to the parish pay schedule.
- b. Hourly employees must complete, sign and submit a time sheet indicating the number of hours to be paid in the pay period before any paycheck is generated. This time sheet should be reviewed by the employee's supervisor or the pastor who should initial it, indicating approval of the hours to be paid. Also, the time sheet should clearly evidence any discretionary time to be paid. In this way the discretionary can be tracked in payroll as well as on the Employee Attendance Calendar kept in the employee's employment file.
- c. Exempt employees should also complete a time sheet indicating any discretionary time/vacation time that is to be paid.
- d. Refer to the *payroll vendor's guide* for technical guidance as to how to enter payroll and create paychecks or direct deposit transactions.

All employees will be paid in a 26 week or 24 week payroll cycle.

No employees can be paid once a month.

No employees should be paid weekly.

2.7 Paying Payroll Taxes and Other Payroll Deductions

Payroll must be created by Noon, two days prior to the pay date on the paychecks. This allows the Payroll Vendor time to process the automatic payment of the payroll taxes which occurs on the pay check date. For example, if pay day is May 17th, then the payroll data must be transmitted by Noon on May 15^h for the electronic transactions to be done in a timely fashion.

The Payroll Vendor calculates the total amount of payroll taxes to be paid and electronically transmits those payments to the proper taxing authorities on the pay check date. The amount of payroll taxes paid (together with the total amount of net pay) is electronically removed from the parish's operating checking account as of that date as well.

Other payroll deductions, such as 403(b) contributions, will be managed by the Payroll Vendor. Payroll tax tables are automatically updated by the Payroll Vendor at no extra charge to the parish as part of this service.

Refer to the payroll vendor's guide for technical guidance as to how to pay payroll taxes and other liabilities through the program.

2.8 Recording and Reporting

- a. **Quarterly:** Federal Form 941 and Vermont Form VT-941.
- b. **Annually:** Federal Forms W-2 and W-3, and Vermont Form VT-W-2.
- c. **Other deductions:** as required by the type of deduction.

The payroll vendor provides payroll reports which are used to record the expense categories in QuickBooks.

VI. CHART OF ACCOUNTS

1. Elements

1.1 Definition

The Chart of Accounts (the “Chart”) is the framework to identify all financial and operational transactions within a parish. As donations and other sources of monies are received and as operating expenses are paid, the Chart specifies the appropriate accounts to use when recording these transactions in QuickBooks. Using these accounts consistently allows meaningful reporting of parish activities for evaluation by the Parish Finance Council, business manager, accountant and pastor in order to make accurate and timely financial decisions.

The following definitions provide a basic understanding of accounting terminology that is used in the financial operation of the parishes in the Diocese of Burlington:

- **Revenue:** Monies received from parishioners or from other sources that are used to fund the operation of the parish. Examples: offertory collections, special gifts and bequests from parishioners or their estates, or cash generated from parish fundraising activities.
- **Expenses:** Costs of purchasing goods and services to operate a parish on an ongoing basis. The largest expenses are typically compensation for employees, repairs, maintenance and utility costs for the church and other buildings owned by the parish.
- **Assets:** Property and other items owned by the parish, including bank accounts, land, buildings, furnishings, and equipment, etc.
- **Liabilities:** Monies owed to companies, institutions and individuals for goods and services provided to the parish in the normal course of business.
- **Net assets:** An accounting term that reflects the total value of assets minus the total value of liabilities. Net assets are classified in three ways:
 1. Unrestricted;
 2. Temporarily restricted by donor restrictions/stipulations;
 3. Permanently restricted by donor restrictions/stipulations.

(The complete “Chart of Accounts” that will be used in every parish can be found in the Appendix at the end of this chapter. Further, there is a table which indicates which classes may logically pertain to each account.)

1.2 Components

The Chart of Accounts consists of a group of 4-digit account numbers at three levels of reporting, with each level providing greater detail. When recording transactions the **lowest sub-account should always** be assigned, the higher level accounts are only used for more summarized reporting:

An example of an account number at each level is as follows:

Revenue

4200: Other Regular Revenue *(not assigned to transactions)*

4220: Fundraisers *(not assigned to transactions)*

4226: Thrift Shop/Food Shelf receipts *(use this account)*

All activities in a parish are categorized into areas of operation or “**functions.**” These functions are called “**classes**” in the QuickBooks accounting software. The Parish Chart of Accounts has been designed so that the account number represents the type of revenue or expense and the class designation represents where the item was used. This expands the management capability of the accounting system to allow a focus on both revenue enhancement and cost control and, through class reports, on the effectiveness of individual activities or events.

When entries are recorded for revenues and expenses they must be assigned an appropriate account number and applicable class. All account numbers that begin with a 4/5/6/7/8 (these are all revenue and expense accounts) should be assigned a class. Accounts that start with 1/2/3 are not assigned a class, (these are assets, liabilities and net asset accounts).

Note: Many types of expenses are appropriately put in more than one class, e.g. salaries of priests are in a different class than the salaries of parish secretaries and other employees.

Below is a brief description of the concept behind the use of classes, and what items would logically be assigned to each one:

The assignment of classes may be tailored to the individual needs of a parish and the preferences of the users for detailed information.

Due to the limitations of the standard class reports available in QuickBooks, the larger the number of classes/sub-classes assigned, the less readable the standard reports become. In addition, if a parish utilizes a large number of classes, the pop-up window that is used to select the class becomes more cumbersome to navigate. Saving class reports to Excel allows much cleaner formatting and sub-totaling to overcome the limitations inherent in the standard QuickBooks program and makes assigning more classes a feasible option.

Balancing the costs and benefits of greater detail should be the basis for determining the number of classes/sub-classes that makes sense for a particular parish.

Below is an example of a logical grouping of classes that would be consistent with the organizational attributes and management needs of a typical parish:

Class 1 - Parish Pastoral Activities - This is the place to capture the direct (net costs) of the primary pastoral activities of a parish.

1a - Priest and Liturgy - Assign the compensation, benefits and other direct costs of the pastor and most other religious to this class along with the other expenses involved in the liturgy. Revenue that is intended to directly offset some of these costs (votive candle collections) may also be assigned to this class.

1b - Religious Education - Assign the compensation of the director and other direct costs of this activity to this class. Revenue collected for religious education fees is also assigned to this class.

1c - Other Pastoral Activities - This is designed to capture the costs of youth ministry, charitable outreach, and other ministries. Any revenue intended to directly defray these expenditures may also be assigned to this class. Specifying a sub-class for significant specific items is often desirable but requires consideration of the costs and benefits.

Class 2 - Parish Operations and Support - This class is used to capture the resources made available to sustain the parish and the costs necessary to operate it.

2a - Offertory and Regular Revenue - This class is used to capture all offertory and regular revenue to allow a separate management focus on the level and effectiveness of that support. Expenses are not assigned to this class.

2b - Fundraising - This class identifies the general support revenue raised by various fundraising activities along with any direct costs associated with such fundraisers. Once again, specifying a sub-class for significant specific items requires consideration of the costs and benefits of such detail.

2c - Building Maintenance & Utilities - This class captures the costs of maintaining the physical plant used by the parish. Janitorial salaries and supplies, property insurance, outside repair costs and utilities are all charged to this class. Many parishes have historically separated these costs by specific building such as church, rectory and parish hall. This can be accomplished by setting up a sub-class for each building. A caution here is that for many parishes allocating most of these costs has been somewhat arbitrary and may lead to misleading conclusions about the cost of particular buildings. Unless breaking down these costs can be done with a high level of accuracy, it would be more useful to focus on the overall parish plant cost and not set up sub-classes.

2d - General & Administrative Expenses - This class is for the general office and operating costs of the parish. Office salaries, Diocesan assessments, office supplies, liability insurance, telephone, internet and computer costs, (and other overall operating costs) belong in this category. Many parishes find that it is too burdensome to allocate certain employee benefits such as FICA to the same class as the salaries of the employees involved and may use this class for all such costs to avoid complicated cost allocations. Revenue is not assigned to this class.

Class 3 - Cemetery - This class is used to capture all revenue and expenses related to the operations of cemeteries. Salaries, professional fees, insurance, supplies, repairs and maintenance and utilities belong in the class.

The Chart of Accounts listed at the end of this chapter illustrates where transactions are to be posted in the QuickBooks accounting system for all revenue, expense, asset, and liability categories, with the normally associated function/class for revenue and expense transactions indicated by an “x.”

1.3 Financial Reports for Parishes

At the parish level, periodic financial reports must be generated for the pastor, Parish Finance Council, staff, and volunteers responsible for various parish activities. QuickBooks has highly flexible reporting capabilities and reports can be tailored to provide information of specific interest such as offertory collections, building maintenance, cemeteries, individual fundraising events, etc.

Reports can be generated weekly, monthly, quarterly, and annually and provide the pastor with timely and accurate information on the financial condition of the parish.

There are three primary financial reports which are compiled regularly for distribution to various users:

- 1. Statement of Financial Position** (*similar to a for-profit entity Balance Sheet*)
 - Asset accounts;
 - Liability accounts;
 - Net Asset accounts.
- 2. Statement of Activities** (*similar to a for-profit entity profit & loss statement*)
 - All revenue account totals for a given period;
 - All expense account totals for a given period.
- 3. Statement of Functional Activities**, (*Parish Report by Class*).
 - Revenue and expense account totals for each class.

Statement of Financial Position, Top Level Accounts:

<u>Acct. #</u>	<u>Description</u>
1000	Cash
1100	Receivables
1200	Other assets
1300	Property and Equipment
1400	Investments (<i>see Chapter IX</i>)
2000	Accounts payable (<i>see Chapter X</i>)
2050	Special collection liabilities
2100	Accrued expenses
2200	Payroll liabilities
2300	Loans payable
2400	Deferred revenue
2500	Long term loans
3000	Net assets

Statement of Activities, Top Level of Accounts:

<u>Acct. #</u>	<u>Description</u>
4000	Offertory revenue: collections subject to Diocesan Tax (<i>Cathedraticum</i>):
4100	Offertory revenue: collections not subject to Diocesan Tax (<i>Cathedraticum</i>):
4200	Other Regular Income
4300	Unusual (non-scheduled) revenue
5000	Compensation and benefits
5100	Contributions and assessments
5200	Services, professional fees and insurance
5300	Supplies, repairs & maintenance
5400	Utilities
5500	Interest
5600	Depreciation
6300	Interfund Transfers (Cemetery, <i>see Chapter XIII</i>)
7000	Temporarily restricted revenue
8000	Permanently restricted revenue

Sub-accounts provide further detail of the major accounting categories of the parish. As mentioned above, when recording transactions the **lowest sub-account should always** be assigned to each transaction:

Examples of sub-accounts:

Account: **5400 Utilities** has two sub-accounts, each of which have further sub-accounts:

Sub-account

5460: Communications (do not assign this account)

- **5461** Alarm monitoring and security (use this account)
- **5462** Cable TV (and internet if cable) (use this account)
- **5463** Telephone/Cell Phone (and internet if on telephone bill) (use this account)

Sub-account

5470: Power and Water (do not assign this account)

- **5471** Electric (use this account)
- **5472** Gas (use this account)
- **5473** Oil (use this account)
- **5474** Water & Sewer (use this account)
- **5475** Rubbish removal (use this account)

The Chart of Accounts captures the broad majority of transactions and classifications that are typically used throughout the parishes of the Diocese of Burlington.

Requests for new accounts or new revenue or expense sub-accounts **must** be made through the Diocesan Parish Financial Services Office.

The standardization of account numbers will help to maintain a uniform system to provide consistent guidance to parishes.

Chapter VI APPENDIX

Section:

Chart of Accounts with Class _____ 6.1

	1. Parish Pastoral Activities				2. Parish Operations & Support				3. Cemetery
	1a. Priest & Liturgy	1b. Religious Education	1c. Other Pastoral Activities (1)	2a. Offertory & Regular	2b. Fundraising (2)	2c. Building Maintenance & Utilities	2d. General & Administrative	3a. Cemetery	
CHANGES IN UNRESTRICTED NET ASSETS									
INCOME									
4000 OFFERTORY INCOME - COLLECTIONS (SUBJECT TO CATHEDRATICUM)				X					
4100 OFFERTORY INCOME - COLLECTIONS (NOT SUBJECT TO CATHEDRATICUM)	X								
4200 OTHER REGULAR INCOME		X	X	X	X	X			
4300 UNUSUAL (NON-SCHEDULED) INCOME				X					
EXPENSES									
5000 COMPENSATION AND BENEFITS									
5100 CONTRIBUTIONS AND ASSESSMENTS									
5200 SERVICES, PROFESSIONAL FEES AND INSURANCE									
5300 SUPPLIES, REPAIRS & MAINTENANCE									
5400 UTILITIES									
5500 INTEREST									
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS									
7000 TEMPORARILY RESTRICTED CONTRIBUTIONS				X					
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS									
8000 PERMANENTLY RESTRICTED CONTRIBUTIONS				X					

"X" indicates classes most likely used for the corresponding account/category

		1. Parish Pastoral Activities			2. Parish Operations & Support				3. Cemetery
		1a. Priest & Liturgy	1b. Religious Education	1c. Other Pastoral Activities	2a. Offertory & Regular	2b. Fundraising	2c. Building Maintenance & Utilities	2d. General & Administrative	3a. Cemetery
CHANGES IN UNRESTRICTED NET ASSETS									
REVENUE									
4000	OFFERTORY INCOME (collections subject to Cathedralratum)								
4010	SUNDAY				X				
4020	HOLY DAY				X				
4030	MONTHLY				X				
4040	ANNUAL				X				
4050	FUEL				X				
4060	OTHER				X				
4100	OFFERTORY INCOME (collections not subject to Cathedralratum)								
4105	MASS STIPENDS	X			X				
4110	EXEMPTED								
4111	Christmas Collection				X				
4112	Easter Collection				X				
4113	Catholic Education				X				
4114	Rice Bowl				X				
4119	Other Exempted Offertory				X				
4200	OTHER REGULAR INCOME								
4210	DIOCESAN SUPPORT				X				
4220	FUNDRAISERS								
4221	Bingo								
4221-1	Gross Bingo Receipts					X			
4221-2	Break Open Tickets					X			
4222	Carnivals/Bazaars					X			
4223	Raffles					X			
4224	VT Catholic					X			
4225	Other Fund Raisers and Organization Events					X			
4226	Bulletin Revenue					X			
4227	School Support					X			
4228	Thrft Shop/Food Shelf/Bookstore					X			
4229	Other Regular Income					X			
4230	INVESTMENTS								
4231	Unrealized & Realized Gain or loss on investments				X				
4232	Interest and Dividends				X				
4240	CHILD CARE SERVICES			X					
4250	RELIGIOUS EDUCATION FEES		X						
								Do not assign revenue to this class	

"X" indicates classes most likely used for the corresponding account/category

X indicates classes most likely used for the corresponding account/category									
		1. Parish Pastoral Activities			2. Parish Operations & Support			3. Cemetery	
		1a. Priest & Liturgy	1b. Religious Education	1c. Other Pastoral Activities	2a. Offertory & Regular	2b. Fundraising	2c. Building Maintenance & Utilities	2d. General & Administrative	3a. Cemetery
4260	RENTAL AND LEASE INCOME								
4270	VOTIVE CANDLES	X					X		
4280	CEMETERY								
4281	Sale of Lots and Foundations								
4282	Interment Services								
4283	Interest Income								
4284	Perpetual Care Income								
4285	Other Income								
	Unrealized & Realized Gain or Loss on Cemetery Investments								
6300	INTERFUND TRANSFERS								
6310	Transfer to/From Perpetual Care								
6320	Transfer To/From Operating-Cem								
4300	UNUSUAL (NON-SCHEDULED) INCOME								
	All gifts and bequests from individuals and estates that are unrestricted. Also includes voluntary contributions for weddings, baptisms and funerals. See also Account 8000 for restricted gifts and bequests.								
4310	GIFTS AND BEQUESTS NOT RESTRICTED								
4320	GAIN/(LOSS) ON SALE OF ASSETS								
	ASSETS RELEASED FROM RESTRICTION								
7040	(UNRESTRICTED) - CREDIT								

"X" Indicates classes most likely used for the corresponding account/category

A. INDEMNITIES EXPENSES MUST BE USED FOR THE CORRESPONDING ACCOUNT CATEGORY									
1. Parish Pastoral Activities				2. Parish Operations & Support				3.	
1a. Priest & Liturgy	1b. Religious Education	1c. Other Pastoral Activities	2a. Offertory & Regular	2b. Fundraising	2c. Building Maintenance & Utilities	2d. General & Administrative	3a. Cemetery		
EXPENSES									
5000 COMPENSATION AND BENEFITS									
5010 SALARIES AND WAGES									
5011 Lay Employees		X			X	X	X		
5012 Clergy	X								
5013 Pastor Allowances	X								
5014 Mass Stipends	X								
5015 Religious allowance	X	X	X						
5016 Extra Priests	X								
5017 Deacon expense allowance	X								
5018 Christmas Stipend	X								
5030 PAYROLL TAXES									
5031 FICA	X	X			X	X	X		
5032 Medicare	X	X			X	X	X		
5033 Other Payroll Taxes	X	X			X	X	X		
5040 EMPLOYEE BENEFITS									
5041 Medical/dental Insurance-Clergy	X								
5042 Pension-Clergy	X								
5043 Medical/dental Insurance-Lay	X	X	X		X	X	X		
5044 Pension-Lay	X	X	X		X	X	X		
5045 Life Insurance	X	X	X		X	X	X		
5100 CONTRIBUTIONS AND ASSESSMENTS									
5110 CONTRIBUTIONS AND ASSESSMENTS									
5111 Charitable Contributions to Organizations		X							
5112 Charitable Gifts to Individuals		X							
5113 Cathedralicum						X			
5114 School Contribution						X			
5115 Priest Benefit Fund						X			
5116 Order Priest Fund						X			
5117 VT Catholic				X					

"X" indicates classes most likely used for the corresponding account/category

X indicates classes most likely used for the corresponding account/category									
	1. Parish Pastoral Activities				2. Parish Operations & Support				3.
	1a. Priest & Liturgy	1b. Religious Education	1c. Other Pastoral Activities	2a. Offertory & Regular	2b. Fundraising	2c. Building Maintenance & Utilities	2d. General & Administrative	Cemetery	
5200 SERVICES, PROFESSIONAL FEES AND INSURANCE									
5230 SERVICES & MISCELLANEOUS FEES									
5231 Advertising & Promotion		X	X		X		X	X	
5232 Bank Charges							X	X	
5233 Bingo & Raffle Prizes					X				
5234 Bank interest							X	X	
5235 Dues & Memberships		X	X				X	X	
5236 Leasing and Rentals		X	X		X		X	X	
5237 Other Fees and Services		X	X		X		X	X	
5238 Permits, Licenses		X	X		X		X	X	
5239 Postage and Delivery		X	X		X		X	X	
5240 Property Taxes						X			
5241 Bingo Supplies					X				
5250 PROFESSIONAL FEES									
Accounting, Bookkeeping and temporary									
5251 office help							X		
5252 Catering		X	X		X		X		
5253 Continuing Education & Development									
5254 Legal	X	X	X			X	X	X	
5255 Musicians	X	X	X		X		X	X	
5256 Printing & Reproduction	X	X			X		X		
5257 Safe Environment							X	X	
5258 Speakers, Retreats, Workshops		X	X				X		
5259 Subscriptions	X	X	X		X		X		
5260 Travel & Lodging	X	X	X		X		X	X	
5261 Misc. Professional Services									
INSURANCE									
5270 Auto - Parish							X	X	
5273 Insurance - property casualty etc.							X	X	
5274 Workers Compensation	X	X	X		X	X	X	X	

"X" indicates classes most likely used for the corresponding account/category

X indicates classes most likely used for the corresponding account category									
	1. Parish Pastoral Activities				2. Parish Operations & Support				3.
	1a. Priest & Liturgy	1b. Religious Education	1c. Other Pastoral Activities	2a. Offertory & Regular	2b. Fundraising	2c. Building Maintenance & Utilities	2d. General & Administrative	Cemetery	
5300 SUPPLIES, REPAIRS & MAINTENANCE									
5310 SUPPLIES AND EQUIPMENT PURCHASED FOR <\$5,000									
5311 Textbook & Classroom Supplies		X	X						
5312 Food and Beverage	X	X	X		X		X		
5313 Liturgical consumables (Bread, Wine, Candles, votives etc.)	X								
5314 Liturgical flowers and Decoration	X								
5315 Liturgical missalette & Workbooks	X								
5316 Liturgical vestments, Ritual and Appointments Books	X								
5317 Janitorial, office and miscellaneous supplies	X	X	X		X	X	X		
5318 Appliances, Equipment & Tools Expensed	X	X	X		X	X	X	X	
5319 Misc. other supplies	X	X	X		X	X	X	X	
5330 REPAIRS AND MAINTENANCE									
5331 Automotive	X						X	X	
5333 Building repairs & maintenance						X		X	
5334 Computers & Office Equipment		X	X				X		
5335 Outside Janitorial/Housekeeping Services						X	X	X	
5336 Landscaping							X	X	
5337 Lawn care							X	X	
5338 Snow removal							X	X	
5400 UTILITIES									
5460 COMMUNICATIONS									
5461 Alarm Monitoring & Security						X	X	X	
5462 Cable/Satellite TV (& Internet)	X	X	X				X		
5463 Telephone/Cell Phone (& Internet)	X	X	X				X	X	
5470 POWER AND WATER									
5471 Electric						X	X	X	
5472 Gas						X	X		
5473 Oil						X	X		
5474 Water & Sewer						X	X	X	
5475 Rubbish Removal							X	X	
5500 INTEREST									
5510 INTEREST EXPENSE							X		
5320 PRIOR PERIOD ADJUSTMENT	X	X	X	X	X	X	X	X	
5601 DEPRECIATION EXPENSE	X	X	X	X	X		X	X	
5701 COST OF INTERMENT RIGHTS SOLD								X	

"X" indicates classes most likely used for the corresponding account/category

	1. Parish Pastoral Activities				2. Parish Operations & Support				3. Cemetery	
	1a. Priest & Liturgy	1b. Religious Education	1c. Other Pastoral Activities	2a. Offertory & Regular	2b. Fundraising	2c. Building Maintenance & Utilities	2d. General & Administrative	3a. Cemetery		
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS										
7000	TEMPORARILY RESTRICTED NET ASSETS									
	Pledges made for capital campaigns approved by the Building and Sacred Arts Commission (BSAC) to be paid immediately or over future periods									
7010	CAPITAL CAMPAIGN PLEDGES									
7020	UNCOLLECTED PLEDGES									
	Estimated uncollectible pledges.									
	INCOME - Gross receipts from gifts and bequests that are temporarily restricted. These monies have been designated to be used for specific purposes.									
7025	TEMPORARILY RESTRICTED GIFTS									
7030	INVESTMENT INCOME									
7041	ASSETS RELEASED FROM RESTRICTION DEBIT									
	Assets released from restriction (Restricted)									
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS										
8000	PERMANENTLY RESTRICTED NET ASSETS									
	INCOME - Gross receipts from gifts and bequests that are restricted. These monies have been designated to be used for specific purposes.									
8010	RESTRICTED GIFTS									
	INCOME/EXPENSE - gain/loss on investments and earnings on restricted funds									
8030	INVESTMENT INCOME									
8040	ASSETS RELEASED FROM RESTRICTION									

Diocese of Burlington

BALANCE SHEET CHART OF ACCOUNTS

ASSETS

CURRENT ASSETS

- 1000 CASH**
- 1100 RECEIVABLES**
- 1200 OTHER ASSETS**

LONG TERM ASSETS

- 1300 FIXED ASSETS**
- 1400 LONG TERM INVESTMENTS**

LIABILITIES

CURRENT LIABILITIES

- 2000 ACCOUNTS PAYABLE**
- 2050 SPECIAL COLLECTIONS**
- 2100 ACCRUED EXPENSES**
- 2200 PAYROLL LIABILITIES**
- 2300 SHORT TERM LOANS**
- 2400 DEFERRED INCOME**

LONG TERM LIABILITIES

- 2500 LONG TERM LOANS**

NET ASSETS

- 3000 NET ASSETS**

SUPPLEMENTAL NET ASSET INFORMATION

- Unrestricted
- Temporarily restricted
- Permanently restricted

Diocese of Burlington

BALANCE SHEET CHART OF ACCOUNTS

ASSETS

CURRENT ASSETS

1000 CASH AND EQUIVALENTS

1001	Operating Checking Account
1002	Second Checking Account - Permission Required
1006	Certificates of Deposit (CDs)
1006-1	Certificates of Deposit (CDs)-Parish
1006-2	Certificates of Deposit (CDs)-Cemetery
1010	Savings/Money Market Account
1010-1	Savings/Money Market Account-Parish
1010-2	Savings/Money Market Account-Cemetery
1015	Savings/Money Market Account
1020	Petty Cash
1020-1	Petty Cash-Parish
1020-2	Petty Cash-Cemetery

1100 RECEIVABLES

1101	Accounts Receivable
1102	Pledges Receivables
1103	Allowance for Uncollectible Pledges
1104	Payroll Advances
1105	Cemetery Receivables

1200 OTHER ASSETS

1201	Deferred or Prepaid Expenses
1202	Exchange Account
1203	Inventory (e.g. Bookstore)
1204	Inventory - Cemetery
1204-1	Inventory - Cemetery Lots
1204-2	Inventory - Grave Boxes, Corner Markers, etc.
1205	Cemetery Exchange - Due from Cemetery

Diocese of Burlington

BALANCE SHEET CHART OF ACCOUNTS

LONG TERM ASSETS

1300 FIXED ASSETS

1301	Land
1302	Land Improvements
1303	Buildings
1303-99	Accumulated Depreciated
1305	Furniture & Fixtures
1305-99	Accumulated Depreciated
1308	Equipment
1308-99	Accumulated Depreciated
1310	Automobiles and Trucks
1310-99	Accumulated Depreciated
1312	Leasehold Improvements
1312-99	Accumulated Depreciated
1313	Construction-in-Progress
1314	Fixed Assets - Cemetery
1314-1	Land - Cemetery
1314-2	Building - Cemetery
1314-3	Equipment - Cemetery
1314-4	Auto and Trucks - Cemetery
1314-99	Accumulated Depreciation - Cemetery

1400 INVESTMENTS

1401	Unrestricted (Stock, Mutual Funds, etc.)
1401-1	Unrestricted - Parish
1401-2	Unrestricted - Cemetery
1410	Temporarily Restricted (CDs, Stock, Mutual Funds, etc.)
1410-1	Temporarily Restricted - Parish
1410-2	Temporarily Restricted - Cemetery
1420	Permanently Restricted (CDs, Stock, Mutual Funds, etc.)
1420-1	Permanently Restricted - Parish
1420-2	Permanently Restricted - Cemetery

Diocese of Burlington

BALANCE SHEET CHART OF ACCOUNTS

LIABILITIES

CURRENT LIABILITIES

2000 ACCOUNTS PAYABLE

2010	Cathedraticum Payable
2015	Sales tax payable
2020	Priest Benefit Fund Payable (%)
2025	Order Priest Payable (%)

2050 SPECIAL COLLECTIONS

2051	Catholic University of America
2052	World Mission Sunday
2053	Bishop deGoesbriand Appeal
2054	Retirement Fund For Religious
2055	Church in Latin America
2056	Catholic Home Missions and Black and Native American Missions
2057	Catholic Relief Services
2058	Holy Land
2059	Other Collections 100% Remitted
2060	Catholic Communications
2061	Peter's Pence
2062	Aid to the Church in Eastern Europe
2063	Priest Benefit Fund
2064	Annual Bishop's Fund Appeal
2065	Catholic Education (50% Remitted)
2066	Rice Bowl (75% Remitted)
2067	Christmas Collection (20% Remitted)

2100 ACCRUED EXPENSES

2101	Accrued Expenses
2102	Cemetery Exchange - Due to Parish

2300 SHORT TERM LOANS

2301	Unsecured Bank Loans
2302	Diocesan Loans
2303	Mortgage Loans

2400 DEFERRED INCOME

2401	Deferred Religious Ed Fees
2402	Deferred Scrip Voucher Sales
2403	Deferred Tuition
2404	Deferred Bulletin Advertising
2405	Deferred Revenue - Cemetery Prepaid Burial

Diocese of Burlington

BALANCE SHEET CHART OF ACCOUNTS

LONG TERM LIABILITIES

2500 LONG TERM LOANS

2501	Unsecured Bank Loans
2502	Diocesan Loans
2503	Mortgage Loans
2505	Security Deposits

NET ASSETS

3000 NET ASSETS

SUPPLEMENTAL NET ASSET INFORMATION

3100	Unrestricted
3150	Designated - Permanently Maintenance Cemetery
3200	Temporarily Restricted
3200-1	Temporarily Restricted -Parish
3200-2	Temporarily Restricted - Cemetery
3300	Permanently Restricted
3300-1	Permanently Restricted - Parish
3300-2	Permanently Restricted - Cemetery

VII. CASH RECEIPTS

This chapter describes policy and procedures for receiving and accounting for cash and cash equivalents. It describes a cash receipt system designed to meet the minimum requirements of good internal control. These basic principles of cash management apply to all parish operations including schools, cemeteries and other parish organizations.

1. Bank Accounts

1.1 Policy

Operating Accounts

- A parish and all organizations that use a parish's tax ID number, such as schools, cemeteries, ladies groups, alter societies, etc., should ideally maintain only **one** operating checking account. The class feature of QuickBooks will allow the parish to track the results of distinct organizational activities even though it uses only one checking account for all deposits and payments.
 - The use of one operating checking account to accomplish the business of the parish simplifies the bookkeeping function and strengthens internal controls.
 - Functioning organizations within a parish that use the parish tax ID number and find it necessary to maintain separate bank accounts, (or Certificates of Deposit, etc.), **must** record these bank accounts in the parish QuickBooks accounting system.
 - **All national organizations that do not use the parish tax ID number, such as Boy Scouts or Knights of Columbus, must maintain their own bank accounts and such accounts are not to be included in the parish QuickBooks accounting system.**

Investment Account(s)

- Capital campaign contributions or other restricted gifts must be deposited into separate savings/investment accounts if the specific purposes for which those funds are to be used will not be fulfilled for at least six months and the accounts are closed when the funds are expended.

See Chapter XIV, Policy Number PA0003, Restricted Net Assets for additional guidance.

Signatories on Bank and Investment Accounts

- The authority to open bank accounts is given to the pastor in the Appointment of Trust Administrator document. This document along with the Declaration of Trust can be presented to a bank to authorize a new account or for changing a signatory on a bank account.
- The pastor must be the primary signatory on all bank and investment accounts.
- The Diocesan Bishop, as Trustee of each Parish Charitable Trust, must be a signatory on all bank and investment accounts along with the pastor.
- The Dean of the Deanery in which the parish is located must be an alternate signatory on all bank accounts for emergency situations.
- In the case of the Dean's parish, another priest of the Deanery may act as an alternate signatory.
- Only the signatories listed above are authorized to be signers on bank and investment accounts.

The use of a check-signing machine or a signature stamp is prohibited.

At no time should the Pastor pre-sign blank checks for future use.

Monthly Reconciliation

All checking account reconciliations must be performed monthly using the QuickBooks reconciliation function. The pastor should open the bank statements, review the bank activity, indicate his review by initialing the statements and then provide the bank statements to the accountant/bookkeeper for reconciliation. The pastor should also review the bank reconciliation on a monthly basis and indicate his review by initialing the reconciliation. The printed reconciliation must be filed with the bank statement and retained.

Recording and Reporting

All bank accounts must be recorded and maintained in the Parish QuickBooks accounting system. Transactions should ideally be recorded on the same day as the cash deposit or cash payment was made. All such transactions should be recorded on not less than a weekly basis.

2. Offertory Collections and Other Receipts

2.1 Overall Control Environment for Parishes

From the time collections leave the offertory baskets during Mass until they are deposited in the bank, the collections should always be on church property, and:

- in possession of two unrelated individuals, if counted immediately after Mass;
or
- in sealed, plastic tamper-evident bags stored in the church safe or a locked, fireproof cabinet;
or
- after counting, in a locked or sealed bank deposit bag in the church safe or a locked, fireproof cabinet.

Procedures for Collections

- Prior to the weekend or Holy Day Mass(es), the parish accountant/bookkeeper or other authorized individual places the necessary number of plastic tamper-evident bags in a designated place for the ushers to access. The bags must be pre-labeled with the date and time of Mass, and the name of the second collection (if applicable) and the bag numbers logged in the Tamper-Evident Bag Control Log.
- When the collection of the offertory is finished, two ushers at each Mass will empty the collection from the baskets into the pre-numbered plastic tamper-evident bags assigned to each Mass and particular collection. The bags are sealed, initialed and dated by the two ushers. The ushers should ensure that the contents are properly secured.
- If it is the pastor's desire for the collection to be brought forward with the gifts in the offertory procession, the funds must be placed in full public view in the Sanctuary until the end of the Mass. After Mass the collection is transported by two ushers to the count team or placed in a plastic tamper-evident bag assigned to each Mass and collection. The bags are sealed, initialed and dated by the two ushers.
- The plastic tamper-evident bag(s), once sealed, will be placed in the parish safe or locked fireproof cabinet or other locked and secured area by the ushers until it can be placed into the parish safe or locked fireproof cabinet after Mass.
- At no time may the collection be left unattended, except when it is in full public view in the Sanctuary, or if it has been placed immediately by the ushers before the end of the Mass in a safe or a locked, fireproof cabinet.

See Chapter XIV, Policy Number PA0009, Tamper-Evident Bag Procedures for additional guidance.

Procedures if a collection is not counted immediately after each Mass:

- If the collection is not transported immediately after Mass by the ushers to the counting team, it must be placed in the tamper-evident bag by two unrelated individuals. The bag is sealed, initialed, and transported to the church safe or locked fireproof cabinet where it will stay until it is counted. Access to the parish safe or locked fireproof cabinet should be strictly limited to authorized personnel only.
- Weekend offertory should be counted and deposited into the operating checking account no later than the next business day (Monday; Tuesday if Monday is a holiday).

See Chapter XIV, Policy Number PA0009, Tamper-Evident Bag Procedures for additional guidance.

Procedures if the collection will be counted immediately after each Mass:

- Two unrelated individuals will transport the collection proceeds to the counting area immediately and give the monies to the count team.

2.2 Counting and Depositing

During the counting and depositing of monies, no unauthorized personnel should be allowed access to the counting room. In addition, **under no circumstances** are the counters to “cash a check” from the cash on hand for any individual.

Count Teams

- **There must be at least two count teams consisting of at least three unrelated people on each count team. The count team individuals should be rotated quarterly. A list of the count team members (names and addresses) and their schedule is maintained by the parish secretary. The pastor is responsible for screening and maintaining the count teams.**
- **Under no circumstances should the pastor, accountant/bookkeeper or any other individual with access to QuickBooks be a part of the count team.**
- As part of current Diocesan policy for volunteers, count team members are subject to the Safe Environments Policy of the Diocese.

Collections

- Collections should be counted as soon as possible by a count team. All collections should be counted on parish premises.
- If the collection is not counted immediately after the Mass, the pastor or his designee removes the tamper-evident bags from the safe or other locked, fireproof cabinet and delivers them to the count team. Before opening the tamper-evident bags, one counter shall compare the bag numbers to the Tamper-Evident Bag Control Log and initial the control log noting verification. The count team also notes the condition of the bags to assess any evidence of tampering with the bags seal. Any evidence of tampering must be reported to the pastor or his designee immediately. (Please see Appendix 7.1)
- Counters must use the Parish Collection Count Sheet and Summary, which itemizes the denominations of cash, coins and the checks received in that collection. The count team must sign this form indicating verification of the process. The information contained on each Parish Collection Count Sheet and Summary is then entered on the Deposit Slip(s). **The Parish Collection Count Sheet and Summary should be prepared in ink and signed by at least three counters.** (Please see Appendix 7.2 and 7.3)
- A copy of the printed deposit slip from the bank is attached to the Parish Collection Count Sheet and Summary and filed in the parish office.

See Chapter XIV, Policy Number PA0009, Tamper-Evident Bag Procedures for additional guidance.

Counting Procedure

It is an acceptable practice to count offertory for all Masses together. Second collections would be counted the same way. Separate Parish Collection Count Sheets and Summaries would be prepared for offertory and second collections.

The count team opens the tamper-evident bag and separates the envelopes, loose checks, and loose cash. The counting procedure follows:

- **Envelopes.** One count team member opens the envelopes and ensures that the contribution agrees with the amount indicated on the envelope. If this is not the case, then the counter crosses out the incorrect amounts and writes in the correct amount on the envelope. Envelopes should be saved for entry into the Diocesan prescribed church management software (currently ParishSoft). This count team member itemizes cash, coins and checks received for this collection.

Checks should immediately be restrictively endorsed with a stamp of:

“For Deposit Only”

Name of Church

Name of Bank

Operating checking account number

- **Loose Collection.** Currency should be sorted by denomination and counted by the first count team member. Checks should immediately be restrictively endorsed with a stamp of:

“For Deposit Only”

Name of parish

Name of bank

Operating checking account number

Checks not in envelopes should be photocopied and the copies kept with the opened envelopes. As an alternative to copying the loose checks, the checks should be listed by donor name, address, dollar amount and check number. A copy of this list should be kept with the opened envelopes. These records must be retained in accordance with the Parish Record Retention Policy (see *Chapter XI*).

The second count team member re-counts and verifies the total of cash, coins, and checks received. The totals are compared to the Collection Count Summary.

If each Mass is counted separately the count team would open the next bag and repeat the procedure until all the bags have been counted.

The bank deposit slip is then prepared by the count team from the information on the Parish Collection Count Sheet and Summary. All empty bags, counting forms, and envelopes are then forwarded to the parish accountant/bookkeeper for recording, reconciling, and filing.

Depositing Procedure

- If the contents exceed the capacity of a single bank deposit bag, a second bag with a second deposit slip should be used.
- The cash, coins, checks, and the deposit slip should be in a locked bank bag or sealed plastic tamper-evident bag. The bank must have a copy of the key if a locked bank bag is used. The parish key must remain on church property. Collections must be deposited to the bank within 24 hours and the receipted bank deposit slip returned to the parish accountant/bookkeeper.

- The parish accountant/bookkeeper or any other individual with access to QuickBooks may not deposit the money in the bank or be in possession of the bank deposit bag at any time.
- **All offertory is to be deposited intact, including all coins.**

Reconciliation and Approval of All Bank Deposits

- The parish accountant/bookkeeper is responsible for comparing the receipted bank deposit slip to the completed Parish Collection Count Sheet and Summary and reconciling any differences when the deposit slip is received (*see 2.3 below*). The forms and the receipted bank deposit slip should be presented to the pastor for his initials, indicating his review and acceptance.
- Any discrepancy must be investigated by the parish accountant/bookkeeper and brought to the attention of the pastor.

2.3 Recording and Reporting

Each week, the parish will publish in the weekly bulletin the prior week's total collections as well as the amount collected in the corresponding week the year before. All cash receipt activity should be recorded in QuickBooks in a timely manner.

The parish accountant/bookkeeper will use the Parish Collection Count Sheet and Summary to enter each revenue item to the correct account then filed as backup documentation for the bank deposit entry.

All offertory receipts must be reported in the proper offertory revenue accounts. **All collections received at Mass and other liturgies, except Diocesan special collections and exempted offertory, are offertory revenue subject to Diocesan tax** (exempted offertory is that which has been specifically exempted in writing by the Bishop, such as for parish capital campaigns).

All monies received in the mail or in person that bear no indication of the purpose will be considered offertory.

Recording Revenue

All deposits of unrestricted funds must be recorded into the parish QuickBooks accounting system under the headings indicated in the Chart of Accounts.

See Chapter VI, Chart of Accounts, for a detailed description of each of these accounts.

Functional Activities/Classes

All income items must be assigned to a functional activity/class when the deposit is reported in QuickBooks.

2.4 Diocesan and National Special Collections

Below is a list of the normal Diocesan and National Special Collections taken each year. The Diocese distributes an annual schedule which identifies the specific date for such collections. These Special Collections should be deposited in the parish checking account and remitted in the form of a parish check to the Diocesan Finance Office no later than 10 business days after the collection is conducted.

These collections should be recorded as Special Collections Liabilities (account numbers 2051-2067) and **not** as Revenue. When the remittance is made, the liability should be reduced accordingly by using the same liability account for the check remittance as was used to record the deposits.

Diocesan and National Special Collections

<u>Account #</u>	<u>Collection</u>	<u>Remittance Percent %</u>
2051	Catholic University of America	100%
2052	World Mission Sunday	100%
2053	Bishop deGoesbriand Appeal	100%
2054	Retirement Fund For Religious	100%
2055	Church in Latin America	100%
2056	Catholic Home Missions and Black and Native American Missions	100%
2057	Catholic Relief Services	100%
2058	Holy Land	100%
2059	Other Special Collections – 100% remitted to Diocese	100%
2060	Catholic Communications	100%
2061	Peter's Pence	100%
2062	Aid to Church in Eastern Europe	100%
2063	Priest Benefit Fund	100%
2064	Annual Bishop's Fund Appeal	100%
2065	Catholic Education	50%
2066	Rice Bowl	75%
2067	Christmas Collection	20%

2.5 Annual Bishop's Fund Appeal

Donations received in the parish for the Annual Bishop's Fund Appeal should be forwarded to the Bishop's Fund, P.O. Box 2226, South Burlington, VT 05407. If cash is received at the parish, it should be replaced with a parish check and a list of donors and individual amounts donated, and mailed directly to the Bishop's Fund Office at the Diocese.

2.6 Monies Received in the Mail or in Person at the Parish Office

Cash or checks received during the week in-person should be counted in front of the donor and a pre-numbered duplicate cash receipt should be prepared with one copy given the donor and one retained for documentation purposes.

- The Cash and Check Receipt Log should be prepared for cash and checks received in person and in the mail documenting the date, amount received, donor's name and type or purpose with a short description. In parishes where there is adequate personnel to segregate duties the individual opening the mail and preparing the log should not have access to QuickBooks. (Please see Appendix 7.4)

Checks should **immediately** be restrictively endorsed with the stamp of:

"For Deposit Only"

Name of parish

Name of bank

Operating checking account number

Cash and checks must be stored in the parish safe or locked, fireproof cabinet until deposited. The Cash and Check Receipt Log can be used to prepare Parish Collection Count Sheet Summary. A bank deposit slip is then prepared from the total on the Parish Collection Count Sheet Summary. These miscellaneous donations should be deposited in the bank at least twice a week and the receipted bank deposit slip returned to the parish accountant/bookkeeper for reconciling and filing.

Mass Stipends

Mass stipends received should be deposited and listed on page 2 of the Parish Collection Count Sheet Summary and posted to Account # 4105 – Mass Stipend Revenue.

Fundraising

All monies collected from fundraising events should be deposited into the parish bank account.

See Chapter VIII, Fundraising, for detailed procedures related to the collection, counting and depositing of cash received from fundraising events.

2.7 Contributions: Gifts and Bequests, Unrestricted/Restricted

Income must be classified as follows:

- **Unrestricted contributions:** Contributions such as a parish's weekly offertory collections that are not subject to donor-imposed restrictions (account 4000 series).
- **Temporarily-restricted contributions:** Contributions such as capital campaign monies or special gifts and bequests that are subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled or otherwise met by actions of the parish (account 7010 et. al.).
- **Permanently-restricted contributions:** Contributions subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise met by actions of the parish (account 8010 et. al.).

Contributions that are donor-restricted should be listed on the Parish Collection Count Sheet and Summary and posted to account # 7010 or 8010: Restricted Donations.

See Chapter XIV, Policy PA00003, Restricted Net Assets for additional guidance.

2.8 Donor Acknowledgement

IRS Publication 1771, Charitable Contributions, Substantiation and Disclosure Requirements states: "A donor cannot claim a tax deduction for any contribution of cash, a check or other monetary gift unless the donor maintains a record of the contribution in the form of either a bank record (such as a cancelled check) or a written communication from the charity (such as a receipt or letter) showing the name of the charity, the date of the contribution, and the amount of the contribution." To assist our donors in complying with this requirement, written donor acknowledgement letters will be sent to all donors indicating the aggregate donations during the calendar year, regardless of the sum of their donations.

\$250 Threshold

Single contributions of \$250 or greater in cash, check, electronic funds transfer, credit card or other form must be acknowledged upon receipt as required by IRS regulations.

\$75 Threshold

If payments are received for fund-raising events and exceed \$75 in cash, check, electronic funds transfer, credit card or other monetary unit that is partially a contribution and partially for goods or services provided to the donor, a written acknowledgement must be sent listing the good faith estimate of the value of goods or services provided. **I.R.S. penalties for non-compliance with this rule can reach \$5,000 per fundraising event.**

Donor Acknowledgement Letter

The acknowledgement letter should contain at least:

- Name of organization (use of letterhead will suffice);
- A statement of the amount of the donation, if cash;
- A description of the property donated (no estimate of value required);
- A statement of whether any goods or services were provided in return for the payment;
- If goods or services were provided, a good faith estimate of value of the goods or services provided;
- If goods or services provided consisted entirely of intangible religious benefit to the donor, a statement that that was the case.

Examples of written acknowledgements:

Thank you for your cash contribution of \$___ that (organization's name) received on date. No goods or services were provided in exchange for your contribution.

Thank you for your cash contribution of \$___ that (organization's name) received on date. In exchange for your contribution, we gave you a cookbook with an estimated fair market value of \$___.

Thank you for your contribution of a used oak executive desk that (organization's name) received on date. No goods or services were provided in exchange for your contribution.

Chapter VII APPENDIX

Section:

Tamper-Evident Bag Control Log _____7.1

Parish Collection Count Sheet _____7.2

Parish Collection Count Sheet Summary _____7.3

Cash and Check Receipt Log _____7.4

SECTION 7.1 - Tamper-Evident Bag Control Log

Plastic Tamper Evident Bag Control Log

[illegible]

Plastic Tamper Evident Bag Control Log

[illegible]

SECTION 7.2 - Parish Collection Count Sheet

DIOCESE OF BURLINGTON
PARISH COLLECTION COUNT SHEET

Bag #: _____

1st Collection

Mass Date: _____

Mass Time: _____

☐2nd Collection – Purpose: _____

Denomination	Loose Currency		Currency in Envelopes		Total Currency	
\$1						
\$2						
\$5						
\$10						
\$20						
\$50						
\$100						
Total → Currency						



Coins	Loose Coins		Coins in Envelopes		Total Coins	
Total → Coins						



Checks	Loose Checks		Checks in Envelopes		Total Checks	
Total → Checks						



Total → Collections						
--------------------------------	--	--	--	--	--	--

OPTIONAL Collection Statistics:

of loose checks: _____

of envelopes containing cash: _____

of envelopes containing checks: _____

TOTAL # of envelopes: _____**Counted By: (3 counters are required)**(1) _____
Print Name / Signature(2) _____
Print Name / Signature(3) _____
Print Name / Signature

PARISH COLLECTION COUNT SHEET

Bag #: _____

1st Collection

Mass Date: _____

Mass Time: _____

☐

2nd Collection – Purpose: _____

Denomination	Loose Currency		Currency in Envelopes		Total Currency	
\$1						
\$2						
\$5						
\$10						
\$20						
\$50						
\$100						
Total → Currency						



Coins	Loose Coins		Coins in Envelopes		Total Coins	
Total → Coins						



Checks	Loose Checks		Checks in Envelopes		Total Checks	
Total → Checks						



Total → Collections						
--------------------------------	--	--	--	--	--	--

OPTIONAL Collection Statistics:

of loose checks: _____

of envelopes containing cash: _____

of envelopes containing checks: _____

TOTAL # of envelopes: _____

Counted By: (3 counters are required)

(1) _____
Print Name / Signature

(2) _____
Print Name / Signature

(3) _____
Print Name / Signature

SECTION 7.3 - Parish Collection Count Sheet Summary
 DIOCESE OF BURLINGTON
 PARISH COLLECTION COUNT SHEET SUMMARY

Date: _____

Prepared By: _____

Posted By: _____

For Office Use: GL Codes (See Below)	Description for Each Weekend Deposit or Individual Receipt(s)	Currency ↓		Coin ↓		Checks ↓		TOTAL ↓	
DEPOSIT SLIP TOTALS →									

LEGEND FOR DEPOSIT CODING

Offertory	
4010	Sunday Collection
4020	Holy Day
4030	Monthly Collections
4040	Annual Collections
4050	Fuel Collections
4060	Other Specific Needs Collection

Offertory Special	
4111	Christmas Collection
4112	Easter Collection
4113	Catholic Education (50%)
4114	Rice Bowl (25%)
4119	Other Exempted Offertory

Fund Raisers	
4221	Bingo
4222	Carnivals/Bazaars
4223	Raffles
4224	Vermont Catholic
4225	Other Fund Raisers
4226	Bulletin Revenue
4227	School Fundraisers – Non-Mass
4228	Thrift Shop/Food Shelf, Etc.
4229	Other Misc Revenue
4250	Religious Education Fees
4270	Votive Candle Receipts

Special Collections	
2051	Catholic University of America
2052	World Mission Sunday
2053	Bishop deGoesbriand Appeal
2054	Retirement Fund for Religious
2055	Church in Latin America
2056	Home/Black & Native American Missions
2057	Catholic Relief Services
2058	Holy Land
2059	Other Collections for Others
2060	Catholic Communications
2061	Peter's Pence
2062	Aid to Church in Eastern Europe
2063	Priest Benefit Fund Special Coll.
2064	Annual Bishop's Fund Appeal
2065	Catholic Education (50%)
2066	Rice Bowl (75%)
2067	Christmas Collection (20%)

Other Income	
4310	Gifts & Bequests Not Restricted
7010	Capital Campaign Pledges
7025/8010	Restricted Gifts

Mass Stipends	
4105	Mass Stipends

PARISH COLLECTION COUNT SHEET SUMMARY

Date: _____

Prepared By: _____

Posted By: _____

For Office Use: GL Codes (See Below)	Description for Each Weekend Deposit or Individual Receipt(s)	Currency ↓		Coin ↓		Checks ↓		TOTAL ↓	
DEPOSIT SLIP TOTALS →									

LEGEND FOR DEPOSIT CODING

Offertory	
4010	Sunday Collection
4020	Holy Day
4030	Monthly Collections
4040	Annual Collections
4050	Fuel Collections
4060	Other Specific Needs Collection

Offertory Special	
4111	Christmas Collection
4112	Easter Collection
4113	Catholic Education (50%)
4114	Rice Bowl (25%)
4119	Other Exempted Offertory

Fund Raisers	
4221	Bingo
4222	Carnivals/Bazaars
4223	Raffles
4224	Vermont Catholic
4225	Other Fund Raisers
4226	Bulletin Revenue
4227	School Fundraisers – Non-Mass
4228	Thrift Shop/Food Shelf, Etc.
4229	Other Misc Revenue
4250	Religious Education Fees
4270	Votive Candle Receipts

Special Collections	
2051	Catholic University of America
2052	World Mission Sunday
2053	Bishop deGoesbriand Appeal
2054	Retirement Fund for Religious
2055	Church in Latin America
2056	Home/Black & Native American Missions
2057	Catholic Relief Services
2058	Holy Land
2059	Other Collections for Others
2060	Catholic Communications
2061	Peter's Pence
2062	Aid to Church in Eastern Europe
2063	Priest Benefit Fund Special Coll.
2064	Annual Bishop's Fund Appeal
2065	Catholic Education (50%)
2066	Rice Bowl (75%)
2067	Christmas Collection (20%)

Other Income	
4310	Gifts & Bequests Not Restricted
7010	Capital Campaign Pledges
7025/8010	Restricted Gifts

Mass Stipends	
4105	Mass Stipends

SECTION 7.4 – Cash and Check Receipt Log

Cash and Check Receipt Log

[illegible]

Cash and Check Receipt Log

[illegible]

VIII. FUNDRAISING

1. Fundraising Overview

Most parishes seek to raise additional funds to supplement regular revenue sources in order to help cover the operating expenses of the parish. Before undertaking any fundraising activity, parishes should plan ahead by creating a budget for each activity and determine if the anticipated net proceeds warrant the time, resources and efforts required for conducting a successful fundraising activity.

1.1 Fundraising for Capital Projects, Endowments, Etc.

Fundraising activities must be in compliance with the norms of fundraising appeals as stipulated by the *Decree of Promulgation* in accordance with canon 1262, which became effective on May 2, 2007. These norms cover motivation, competent ecclesiastical authority, accountability, procedures and oversight. Aspects of this decree potentially applicable to parishes are as follows;

Motivation

1. Fundraising appeals are to be truthful and forthright, theologically sound and should strive to foster a greater love of God and neighbor.
2. Fundraising efforts are to be for defined needs.
3. The relationship of trust between donor and fund-raiser requires that:
 - a. Funds collected be used for their intended purposes; and
 - b. Funds collected are not absorbed by excessive fundraising costs.
4. Donors are to be informed regarding the use of donated funds and assured that any restrictions on the use of the funds by the donor will be honored.

Competent Ecclesiastical Authority

1. Parishes and other Catholic entities and organizations require the approval of the Diocesan Bishop to solicit funds.
2. Approval for fundraising is to be given in writing with reference to the purpose for which the funds are being raised, the time frame, and the methods to be used in raising them.
3. Oversight is to be maintained by the competent authority through periodic review and, where necessary, appropriate sanction.
4. Periodic reports are to be sent to the Diocesan Bishop on the parish's fundraising programs and the activities they support.

Accountability

1. Annual fundraising reports are to provide both financial information and a review of the apostolic work for which the funds were raised. They are to set forth the amount of money collected, the cost of conducting the fundraising effort, and the amount and use of the funds disbursed.

Procedures

1. Funds beyond operating expenses are not to be accumulated or invested by a fundraising office, but are to be turned over to the parish for allocation and investment.
2. Special care is to be taken to see that ethical business relationships are maintained by fundraisers with suppliers of goods and services.
3. Contracts between the religious fund raiser and commercial suppliers and consultants are to ensure that control over materials, designs, money and general operations remain in the hands of the religious fund raiser.
4. Agreements are not to be made which directly or indirectly base payment either to the commercial firm or the religious fund raiser on a percentage basis.

Oversight

1. Reports are to be provided to benefactors on a regular basis or upon reasonable request.
2. In response to formal complaints, the parish is to promptly investigate charges, remedy abuses and, when necessary, terminate the fundraising program.

1.2 Other Fundraising Activities

There are a wide range of fundraising activities that parishes have traditionally conducted in the Diocese of Burlington, including:

- **Raffles**
- **Bingo**
- **Bazaar/Carnival**
- **Bulletin Revenue**
- **Food** (e.g. cake sales, pancake breakfast, pasta dinner, catered meals)
- **Thrift Shop/Food Shelf/Bookstore**

This chapter will assist parish personnel in planning for, conducting, and properly recording the revenue, expenses and net proceeds of fundraising activity in the parish accounting system. Parish personnel **must** be aware of any State and local regulations concerning permits, licenses, fees, and other rules with which they must comply.

Please note:

- Year-end reporting is required if the amount won is \$1,200 or more for Bingo or between \$600 and \$5,000 and is at least 300 times the amount of the wager (cost of ticket purchased) for other fundraising activities, OR if the amount won exceeds \$5,000. The winnings are reportable on Form W2-G, which should be mailed to the winner by January 31 of the following year. Copies of Form W2-G should be mailed to the IRS and the Vermont Department of Taxes, along with Form 1096 by February 28 of the following year.

Fundraising activities have three basic administrative components:

- Planning;
- Federal, State, and local compliance;
- Cash management, accounting, and recordkeeping.

The following sections of this chapter address various fundraising activities and the basic administrative components of each.

2. Raffles

2.1 Overview

A raffle involves many people purchasing tickets for a chance to win a certain prize or prizes.

All raffles are subject to Vermont Charitable Gaming Laws under *Title 13, Chapter 51, Section 2143* of the Vermont Statutes. The raffle must comply with all limitations provided in the Vermont Statutes including the frequency of drawings, value of the prize, compensation to persons involved in organizing or executing such events, and use of the proceeds.

Solicitations of raffle tickets by mail are prohibited.

2.2 Reporting Requirements

Nonprofits not required to file 990 or 990T forms must file State Form B-3 on or before June 15 for the previous calendar year if they raised gross receipts of more than \$10,000 from organizing and executing games of chance. Forms are available from the Vermont Department of Taxes.

2.4 Other Information

Persons promoting or selling tickets **must be 18 years or older.**

3. Bingo

3.1 Overview

Bingo is a game of chance where randomly-selected numbers are drawn and game participants match those numbers to those appearing on 5x5 matrices which are printed or electronically represented and known as “cards.”

Bingo games are also subject to Vermont Charitable Gaming Laws under *Title 13, Chapter 51, Section 2143* of the Vermont Statutes. The bingo game must comply with all limitations provided in the law including frequency, value of prizes, compensation to persons involved in organizing or executing such events, and use of the proceeds.

See Chapter XIV, Policy Number PA0006, Bingo for additional guidance.

3.2 Reporting Requirements

Nonprofits not required to file 990 or 990T forms must file State Form B-3 on or before June 15 for the previous calendar year if they raised gross receipts of more than \$10,000 from organizing and executing games of chance. Forms are available from the Vermont Department of Taxes.

3.3 Other information

Persons promoting or working at Bingo **must be 18 years or older.**

4. Bazaars and Carnivals

Games of chance such as Bingo, casino and raffles that are held at a parish bazaar or carnival event are also subject to Vermont Charitable Gaming Laws under *Title 13, Chapter 51, Section 2143* of the Vermont Statutes. The bingo game must comply with all limitations provided in the law including frequency, value of prizes, compensation to persons involved in organizing or executing such events, and use of the proceeds.

5. Food

Historically, the sale of prepared foods has been a key component of traditional fundraising activity for many parishes. The Department of Health, Division of Health Protection Food and Lodging Program has established *Health Regulations for Food Service Establishments*. The regulations state: “All places that prepare and serve food to the public, other than on an occasional basis, and advertise such food service within the meaning of *18 V.S.A. Section 4358* shall, prior to serving food, hold a current annual food license issued by the Department of Health.” Occasional is defined as “Occurring not more than one day’s duration in any month.”

Occasional events such as pancake breakfasts, pasta dinners and bake sales would not require a food license if they do not occur more than one day per month.

Parishes, schools and parish organizations that hold Bingo events more than one day per month and prepare and serve food must have a food license.

Prior to conducting any event where food is sold on parish premises, the *Health Regulations for Food Service Establishments* must be reviewed.

A copy of the Regulations can be found at:
http://healthvermont.gov/regs/03food_estab.pdf

State of Vermont
Agency of Human Services
DEPARTMENT OF HEALTH
Division of Health Protection
Food & Lodging Program
108 Cherry Street
Burlington, Vermont 05401
802-863-7221
800-439-8550

6. Cash Management

Exercising good cash management and controls are critical at any parish fundraising activity to prevent pilferage, loss and possible theft.

- It is advisable, especially at a function such as a Carnival or Bazaar, to operate cash collection station(s)/booths to sell tickets to be used to purchase any items at the event.
- Ride tickets or wrist bands are usually provided by the Rides Contractor and sold from a booth provided by the contractor. Personnel operating the booth must be provided by the parish, and the receipts will be handled the same way as the other cash collection stations.
- Ride tickets are numbered and will determine what percentage of the receipts will be given to the contractor. The percentage shared by the parish and the ride contractor is set forth in the signed contract.
- Vendors who sell their products at the carnival/bazaar will either pay a rental/space fee or share the receipts with the parish. If the agreement stipulates a percentage sharing, the receipts from these vendors must be kept separate from the other receipts.
- At least two or more unrelated individuals shall be appointed to pick up the accumulated cash at least every hour, more frequently if the attendance is large.
- Cash to be counted immediately after collection should be brought to a secure area for counting by the cash management team consisting of at least three unrelated individuals. The counters must use the Parish Collection Count Sheet to itemize the funds collected and all members of the count team must sign the form. A count team member prepares the bank deposit slip and places the deposit in a plastic tamper-evident bag. The tamper-evident bag is then stored in a locked safe or cabinet until the deposit is brought to the bank.
- Cash collected and not immediately counted must be placed in a plastic tamper-evident bag by two unrelated individuals and stored in a locked safe or cabinet until counted.
- Start money for the next day's event should be set up and placed in a secure safe or cabinet.
- For a multiple day function, receipts for the day should be deposited at the end of that day.

See Chapter VII, Cash Receipts for additional guidance.

7. Accounting

The **gross** amount of all receipts and the **gross** amount of all expenditures will be recorded in the parish accounting system as required by law.

- For each fund-raising activity, a sub-class should be established, such as Carnival, Bazaar, fund raising dinners, etc. In addition, a parish may set up a further sub-division for the activities, such as food, games, etc.
- Appropriate account numbers will be used (*see Chart of Accounts*). No new account number will be created without approval from the Diocesan Parish Financial Services Office.
- All invoices for fund-raising events will be processed through the QuickBooks parish accounting system. Existing account numbers will be used, and Functional Activities (Classes) will be used to distinguish normal parish operating costs from fundraising expenses.

8. Recordkeeping

Accurate recordkeeping is essential if parishes are to comply with Vermont and Federal regulations and for prudent fiscal management.

- Parishes are required to generate a report on any fundraising event to the pastor, Parish Finance Council, Parish Pastoral Council, and parishioners and document the results of each fundraising activity.
- Reports should be used to determine if the event achieved the budgeted net proceeds target, and how to modify the event to achieve the best results going forward.
- Parishes should prepare any required Vermont State and Federal reports within the specified time period, depending on the type of fundraiser.

9. Unrelated Business Income Tax (UBIT)

Churches and religious organizations may engage in income-producing activities unrelated to their tax-exempt purposes, as long as the unrelated activities are not a substantial part of the organization's activities. However, the net income from these unrelated business activities will be subject to the "Unrelated Business Income Tax" if the following three conditions are met:

- the activity constitutes a trade or business,
- the trade or business is regularly carried on, and
- the trade or business is not substantially related to the organization's exempt purpose. (The fact that the organization uses the income to further its charitable or religious purposes does not make the activity substantially related to its exempt purposes.)

Even if an activity meets the above three criteria, the income may not be subject to tax if it meets one of the following exceptions:

- substantially all of the work done by the business is performed by non-paid workers(volunteers);
- the business activity is largely done for the convenience of the congregation; or
- the vast majority of items being sold were donated.

See Chapter XIV, Policy Number PA0008, Parish Tax Issues- Unrelated Business Income for additional guidance.

IX. INVESTMENT POLICY

1. Introduction

An Investment Policy provides a clear set of investment guidelines to assist pastors and Parish Finance Councils when investing excess cash. This Policy recognizes that each parish is unique. Therefore, the level of investing and the choice of investments will vary with the cash flow needs of the parish.

2. Responsibilities

Role of the Pastor

- The pastor is the chief custodian of the financial resources of a parish. With the assistance of the Parish Finance Council, the pastor considers the parish's short and long-term financial needs. These needs are detailed in the annual budget and a longer-term capital plan.
- Respects the wishes of parishioners who make restricted gifts to the parish.
- Retains an **investment manager**, if necessary, to assist in the selection of appropriate investments.
- The pastor should rely on the advice and assistance of the Parish Finance Council and investment manager in developing procedures and criteria to monitor investment performance and establish expectations for investment returns (*see specific performance guidelines below*).
- There should **never** be a co-mingling of parish funds and personal funds. **There are no exceptions to this policy.**

Role of the Parish Finance Council

- The Parish Finance Council exercises its fiduciary duty by assisting the pastor in overseeing the prudent financial management of the resources of the parish. If desired, an Investment Sub-Committee of the Parish Finance Council can be created.
- Advises the pastor with respect to investment objectives. If an investment manager is considered, the Parish Finance Council should be actively involved in the selection process and the investment manager performance evaluation.
- Reviews investment performance at least on a quarterly and preferably monthly basis.

Conflicts of Interest

- The members of the Parish Finance Council, in making recommendations or providing strategic advice to a pastor, should avoid conflicts of interest, either in fact or appearance. Any member of a Parish Finance Council who has a financial interest in an entity that does a substantial business with the parish will be considered to have a direct or indirect conflict of interest.

See Chapter III, Section 8, Conflict of Interest Policy for additional guidance.

3. Statement of Objectives**Teachings of the Catholic Church**

- In developing a parish investment strategy, the pastor, with the advice of the Parish Finance Council, will select investments that are consistent with the vision, mission and values of the Roman Catholic Church.
- The parish will not knowingly and willingly invest in enterprises that engage in activities contrary to the positions of the gospel and the teachings of the Roman Catholic Church. Investments in companies which engage in products and services that are incongruent with these values, (e.g., birth control devices, embryonic stem-cell research, abortion, pornography, development of weapons inconsistent with Catholic teaching on war) are to be avoided, as outlined in the *United States Conference of Catholic Bishops Investment Guidelines*. Excluded securities also include financial institutions that receive a “needs to improve” or “substantially non-compliant” rating from federal regulatory agencies under the Community Reinvestment Act.
- The pastor and Parish Finance Council shall maintain responsibility for oversight of these standards and communicate these standards to the investment manager. Periodic review of the investment manager’s performance will take this most important responsibility into account.

General Investment Principles

- The pastor, as financial steward of the financial resources of the parish, should always ensure that funds shall be invested with care, skill, prudence, and diligence.
- Investments shall be diversified by asset class, industry, and maturity so as to minimize risk of loss.
- Cash is to be employed productively by investment in short-term cash equivalents to provide safety, liquidity and return.

Meeting the Needs of the Parish

- The investment plan adopted by the pastor, with the advice of the Parish Finance Council, should consider the current and future welfare of the parish as its primary objective.
- Current needs: The amount of operating cash that the parish requires to meet its weekly obligations based on the annual parish operating budget.
- Longer-term needs: The amount of money the parish needs for planned and potential unplanned expenses. These could include:
 - Parish Endowment
 - Building Fund
 - Funding for various ministries
 - Major repair projects

4. Investment Guidelines**4.1 Investment Goals****Time horizon**

When there is excess cash over the parish's budgeted expenses that may be invested, the pastor should consider the appropriate time horizon for when those funds may be required, and select the appropriate level of risk. Here are some further guidelines in this respect:

- **Operating needs**: Sufficient cash should be available in the parish's Operating Account or Money Market account to meet budgeted cash shortfalls at any given time, with an allowance for unexpected events.
- **Near-term requirements**: Funds needed in the short term (from three months to one year) should be invested in short-term risk-free instruments such as money market accounts, bank savings accounts, bank Certificates of Deposit (CD's), or U.S. Government Treasury Bills.
- **Longer-term requirements**: Longer-term needs can be invested in other appropriate vehicles that offer a higher return, with investments allocated in acceptable asset classes (as indicated below), reflecting a conservative- to moderate-risk tolerance over the projected time horizon.

Target return:

The pastor, with the assistance of the Parish Finance Council, should seek to invest the funds of the parish in assets that achieve the maximum return for the level of acceptable risk over the investment time horizon as indicated below:

- **Short-term investments:** Investment instruments that maximize the return available for risk-free investments such as bank savings deposits, CD's, or Treasury Bills.
- **Longer-term Investments:** The parish should achieve a minimum return of 4-5% over the rate of inflation over time.

Diversification:

Investments should be diversified to avoid concentrated risk in any single type of investment. The FDIC currently insures a maximum of \$250,000 of investments of an entity registered under one Employer Identification Number (EIN) for an FDIC-insured account. If the parish is using a brokerage account, the pastor and Parish Finance Council should understand the insurance coverage provided, since that account is not FDIC insured.

4.2 Criteria for Opening Investment Accounts

- The Diocesan Bishop's approval is needed to open an investment account for the benefit of the parish, in the parish Charitable Trust name.
- The Diocesan Bishop and the pastor are the only persons authorized to give buy/sell orders on behalf of the parish. Read-only online Internet access to review investments may be authorized by the pastor for the members of the Parish Finance Council.
- Many financial institutions grant credit cards and/or checking account privileges when opening an investment account. **The activation and use of these features is prohibited.**

4.3 Criteria for Selecting Investment Firms

- The pastor and the Parish Finance Council should interview no fewer than three investment managers.
- The criteria for choosing an investment manager should include: experience, performance, reputation, and fee structure.
- A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank, trust or insurance company.
- The Parish Finance Council must require that each investment manager provide, in writing, acknowledgement of fiduciary responsibility to the church.

- No member of the Parish Finance Council should act as the investment manager, and there should be no conflict of interest between the investment manager and the Parish Finance Council.

4.4 Acceptable Investments

Investments in Equity, Foreign Equity, Fixed Income and Cash Equivalents should follow the guidelines stipulated in the Investment Policy Statement of the Roman Catholic Diocese of Burlington.

4.5 Asset Allocation

Asset Class	Target Allocation	Acceptable Range
Cash or Liquid Investments including Money Market Funds	Lesser of 3 months of expenses or 2% of investment assets	2-25%
Fixed Income Investments	38%	30-50%
Equity Investments (domestic and international)	60%	50-70% International: up to 10%

A Parish Endowment may have its own investment and use policy statement, and additional clarification shall state what percentage of the funds (principal and/or income) can be used for Parish needs. Since an endowment usually is for a longer period of time, the choice of investments may carry more risk in order to earn a higher return over time.

4.6 Restricted Gifts

Income from a restricted gift(s) must be used for only the stated purpose designated by the donor. (Cf. canon 1267, § 3)

See Chapter XIV, Policy Number PA0002, UPMIFA – Uniform Prudent Management of Institutional Funds Act and PA0003 – Restricted Net Assets for additional guidance.

4.7 Treatment of Gifts of Stock

The parish **must** sell the gift of an individual stock as soon as possible and reinvest the funds in a manner consistent with the parish's investment plan.

See Chapter XIV, Policy Number PA0007, Parish Procedures for Gifts of Securities for additional guidance.

4.8 Prohibitions

The following investments may pose significant risk or illiquidity and thus substantial risk of loss and are thus prohibited. These include:

- Purchases of lettered or restricted stock;
- Real Estate (other than for Parish use and REITs);
- Commodity trading, including future contracts;
- Short selling;
- Limited partnerships;
- Investments in derivative instruments, including, without limitation: options, futures, warrants, collateralized debt obligations (CDO) and collateralized loan obligations (CLO);
- Private Equity investments or investments where there is not an active secondary market or venture capital investments;
- Margin transactions;
- Acquiring securities that have filed for Chapter 11 protection;
- Acquiring securities of companies that do not have at least three years of financial history;
- Securities lending, pledging, or hypothecating securities;
- Purchase of U.S. Domestic Stock with market capitalization less than \$200 million;
- Manager's purchasing their own company's issues except in an index fund;
- Turnover of the fund exceeding 150% in any twelve-month period, with the exception of U.S. Government securities.

4.9 Rebalancing

With the advice of the Parish Finance Council and the investment manager, the pastor should review the need to rebalance the investment portfolio on a periodic basis if the targeted percentage exceeds the actual investment by +/- 10%. Automatic rebalancing within an asset class will be triggered if and when the actual investments exceed +/- 40% of the target allocation.

5. Performance Review and Evaluation

Investment performance reviews must be conducted at least once each quarter. Such reviews will evaluate, among other things:

- The general conditions and trends prevailing in the economy, securities markets, and mutual fund industry.
- Whether each investment remains consistent with the parish's overall investment objectives.
- Whether the investments are adequately diversified and the Church's allocation strategy met.

- The investment results as compared to established indexes or benchmarks over a series of different time horizons.
- The fee structure and expense ratio of selected investments as compared to alternatives available in the marketplace.
- The experience and qualifications of the personnel providing the investment management services.

Periodic account statements and performance reports generated by the investment manager shall be compiled at least quarterly and distributed to the Parish Finance Council for review. The investment performance of total portfolios, as well as asset class components, both gross and net of investment manager expenses, will be measured against commonly-accepted performance benchmarks.

Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. Investment managers shall be reviewed at least yearly, but more frequently if the Parish Finance Council deems appropriate. The review issues will include performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

The Parish Finance Council shall evaluate the portfolio periodically, but reserves the right to recommend to the pastor the termination of an investment manager for any reason, including the following:

- Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
- Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
- Significant qualitative changes to the investment management organization.

6. Accounting

All investment account activity must be recorded in the parish accounting system. Sub-accounts must be established for each financial institution in which the parish has investments.

Transactions including transfers should be recorded on the date of execution. The monthly statement from each institution must be reconciled promptly in the parish accounting system including the recording of interest, dividends and fees.

7. Commonly-Used Terms and Definitions

Bond: A financial obligation issued for a period of more than one year with the purpose of raising capital by borrowing.

Brokerage Account: A customer account maintained with a company registered to buy and sell securities.

Collateralized Debt Obligation/Collateralized Loan Obligation: A form of security backed by debt obligations.

Capital Plan: A Plan developed by the pastor with the assistance of the Parish Finance Council to meet the longer-term needs of the parish (ministries, buildings, equipment, etc).

Certificate of Deposit: Short or medium-term, interest-bearing, FDIC-insured debt instrument offered by banks and savings and loans. CDs offer higher rates of return than most comparable investments, in exchange for tying up invested money for the duration of the certificate's maturity.

Commodity: Physical substance, such as food, grains, and metals, which is interchangeable with another product of the same nature, and which investors buy or sell.

Derivative Instrument: A financial instrument whose characteristics and value depend upon the characteristics and value of another financial instrument typically a commodity, bond, stock or currency.

Endowment: A permanent or quasi-permanent fund bestowed upon an individual or institution, such as the parish, the income from which is to be used for a specific purpose.

FDIC: Federal Deposit Insurance Corporation. An entity of the Federal government that insures bank deposits up to \$250,000 per account.

Fixed Income Security: Another term for a bond; a debt instrument that pays a periodic fixed rate of return and has a fixed maturity date.

Foreign Exchange: Currency of a country other than the United States represented.

Futures: A standardized, transferable, exchange-traded contract that requires delivery of a commodity, bond, currency, or stock, at a specified price, on a specified future date.

Hedge Fund: Unregistered and unregulated investment companies

Investment Advisors Act of 1940: A U.S. Federal law that was created to regulate the actions of investment advisors as defined by the law.

Investment Grade Security: A security which is relatively safe, having a high credit rating issued by Moody's Investor Service, Standard and Poor's, or Fitch (three well-known and highly respected rating agencies). The minimum investment grade rating is Baa3 (Moody's), BBB- (Standard and Poor's), and BBB- or F3 (Fitch).

Investment Manager: A Securities and Exchange Commission registered investment advisory company that provides investment management services.

Money Market Account: A savings account which shares some of the characteristics of a money market fund. Like other savings accounts, money market accounts are insured by the FDIC. Money market accounts offer many of the same services as checking accounts although transactions may be somewhat more limited. These accounts are usually managed by banks and brokerages, and can be a convenient place to hold money that is to be used in the near term for investments or has been received from the sale of recent investments. They are very safe and highly liquid investments, but offer a lower interest rate than most other investments.

Money Market Fund: A mutual fund which invests only in short term (one day to one year) debt obligations such as U.S. Treasury Bills, CD's and Commercial Paper. The main goal is the preservation of principal, and they pay a dividend based on the interest rates of the debt obligations that the Fund invests in. Unlike bank accounts and money market accounts, most deposits are not FDIC insured, but the risk is generally extremely low.

Morningstar: A provider of independent investment research in the United States and in major international markets.

Mutual Fund: A form of collective investment that pools money from many investors and invests their money in stocks, bonds and short-term money market instruments, and/or other securities.

Option: A contract that represents the right, but not the obligation, to buy or sell a security at a specific price for a fixed period of time.

Security: A negotiable interest representing financial value. Securities are broadly categorized into debt and equity securities.

Stock: An equity security that represents an ownership interest in a company.

Real Estate Investment Trust (REIT): A tax designation for a corporation investing in real estate that reduces or eliminates corporate income tax. In return, REITs are required to distribute 90% of their income, which may be taxable in the hands of the investors. The REIT structure was designed to provide a similar structure for investment in real estate as mutual funds provide for investment in stocks.

Restricted Gift: Donations in which the donor specifies how the gift is to be used.

Risk-Free Investments: Investments that are usually backed by the full faith and credit of the U.S. government where there is no risk of loss to principal.

U.S. Government Treasury Bill: A debt obligation issued by the U.S. Treasury with a maturity of less than one year.

U.S. Government Treasury Bond: A debt obligation issued by the U.S. Treasury with a maturity of more than one year.

U.S. Government Agency Security: A debt obligation issued by an agency of the Federal government that usually carries the full faith and credit of the U.S. government.

Venture Capital: A type of private capital typically provided by professional, institutionally-backed outside investors to new, start-up businesses. Investors generally receive shares in the start-up company. Venture capital investments are usually high risk, but offer the potential for above-average returns.

Warrant: A security that entitles the holder to buy stock of the company that issued it at a specified price, which is much higher than the stock price at the time of issue.

X. CASH DISBURSEMENTS

This chapter identifies the key tasks that comprise the cash disbursement process, including:

- Purchasing
- Authorizing payment
- Disbursing funds
- Recording expenditures

1. Invoices Received and Checks Written

1.1 Overall Control Environment

Signatories for parish operating/checking accounts are limited as described in *Chapter VII. Cash Receipts Section 1.1.*

- All invoices paid and all checks issued must be supported by documentation, indicating:
 - the amount of the expenditure;
 - the date(s) the goods were received or services provided;
 - the description of goods received or services provided;
 - the payee (the person or entity to whom the check will be paid).
- Payments should be made on original invoices **only**. Payments should **not** be made on copies (duplicates) or statements listing invoices. This policy is in place to avoid duplicate payments.
- All mail is to be opened by the pastor.
- The pastor indicates his approval by initialing the invoice.
- The invoices are then recorded in QuickBooks.
- **All checks should be generated by the QuickBooks system.** Manual checks should be avoided and only used when preparing a computer generated check is not possible.
- The pastor (or, in his absence, the alternate check signer) signs all checks.
- Any person entering accounting data or who otherwise has access to financial records, should **never** approve invoices or sign checks. The only exception to this **policy is the pastor.**

1.2 Purchasing

Before placing an order for goods or services, the pastor or his designee or program director(s) should review the program budget to ensure that sufficient funds remain in the budget to cover the purchase. Three competitive quotes should be obtained if the order is in excess of \$5,000 in total over a 12-month period.

When goods are received or services provided, the party responsible for receiving the goods or services must review the invoice for accuracy, matching quantity, and price to the original order. Approval of the invoice is indicated by the responsible party's initialing and dating the invoice.

1.3 Recording Bills/Invoices

All original bills/invoices are forwarded to the pastor for his approval, which is indicated by his initialing and dating the invoice.

The parish accountant/bookkeeper must record all invoices to be paid as an Accounts Payable in QuickBooks when they are received, indicating the purpose in the memo section, date of the invoice, and payment due date in the appropriate sections. The Account (expense or asset classification) and Class (Parish Functional Activity) are assigned by the parish accountant/bookkeeper in consultation with the appropriate parties, as necessary. The account numbers and designations should be clearly noted on the invoice. Unpaid invoices are filed in an "Unpaid Invoice" file in alphabetical order.

Diocesan quarterly assessments are one of the largest expenses of a parish. Recording these expenses on a cash basis (only when the actual cash is paid out) can result in understating or overstating the current quarter expenses. All parishes are required to record these expenses at the end of each quarter, after the last offertory collection deposit has been made. The Accounts Payable entry must be reconciled to the quarterly invoiced received from the Diocese before payment is made.

1.4 Paying Bills/Invoices

The pastor or parish accountant/bookkeeper determines when to pay invoices. Multiple invoices for the same vendor should be paid on a single check. The check amount and payee should agree to the documentation already reviewed and approved.

The printed check and accompanying documentation (e.g. approved invoices and check requests) must be provided to the pastor for signature. Check writing should be kept to a minimum, usually not more than once a week. In this way, the pastor can review the checks and supporting documents on a timely basis. In the pastor's absence, the alternative signer may sign the check.

Signed checks should be mailed immediately and supporting documentation must be stamped "PAID" with the check number documented on the support, the voucher portion of the check attached or a copy of the check attached. The supporting documentation should be filed alphabetically by fiscal year in a "Paid Bills" file.

Voided checks must be marked with the word "VOID" stamped across the front of the check. All voided checks must be kept with the bank statement covering the period of time in which the voided check was written. If the voided check is dated in the current month, then the parish accountant/bookkeeper must void the check in the QuickBooks system using the void check function.

If the check to be voided is dated in a prior month, do not use the Quickbooks void check function. Rather, post a journal entry in the current month to increase the checking account balance and reduce the expenses by the amount of the voided check. This alternative is recommended to prevent retroactive changes to previously issued financial reports and bank reconciliations.

Under no circumstances are bills or invoices (or any employee, contractor, or vendor) to be paid in cash.

1.5 Independent Contractor /Employee Determination

Parishes engage individuals to provide a variety of services that require substantially less than an ongoing, full-time commitment from those individuals, including lawn care, snow removal, janitorial maintenance people, consultants, electricians, painters, lawyers, accountants, musicians, and others.

Whether these individuals are *employees* or *independent contractors* under Federal law is a very important determination and must be made before the individual is paid. That is because as employees their compensation is subject to withholding taxes and the parish employer is subject to Social Security and Medicare contributions for their benefit. However, if they are independent contractors, no such withholdings or contributions are applicable.

Some 20 factors have been identified by the government as indicating whether an individual providing service is an employee or an independent contractor including among others:

- Whether the entity (parish) or the individual has the right to control and direct the means to perform the service, not just the results achieved.
- Whether the service is done on the parish's premises, with tools or materials provided by the parish.
- Whether the service is performed on the parish's time schedule.
- Whether the relationship between the parish and the individual is continuing.
- Whether the individual makes the service available to the general public.
- Whether the individual provides the service to two or more parties in addition to the parish.

None of the 20 factors are individually controlling and the determination is based on the substance of the arrangement, not its form. **Please contact the Diocesan Parish Financial Services Office before concluding that the individual is an independent contractor and not an employee.**

If an individual is determined to be an independent contractor, he/she must complete and sign an IRS Form W-9, Request for Taxpayer Identification Number and Certification. A letter outlining the deliverables and terms of payment should be prepared and signed prior to the individual commencing the service.

Independent contractors are paid through the accounts payable system and not Payroll Services and may need to be issued an IRS Form 1099-MISC, Miscellaneous Income, by January 31st for the previous calendar year.

See Chapter IV, Budgeting & Reporting for additional guidance on 1099-MISC reporting.

1.6 Charitable Contributions on Behalf of Individuals or Families in Need

In keeping with the Church mission of providing for the needs of individuals or families, the pastor exercises his discretion in determining individuals or families who are in need of financial assistance. Payments of this type should **not** be in cash or in checks payable to the individual. Rather, checks may be made payable to the landlord or utility etc. on behalf of the individual or family. Food store gift cards can also be used for this purpose.

These payments should be recorded as charitable contributions in QuickBooks (account # 5112).

1.7 Online Banking

Online banking to pay parish bills is not permitted.

1.8 Insurance Certificates

For any individual or contractor who enters the parish/school premises to perform work, the parish must obtain from all contractors adequate proof of liability and workers' compensation insurance, in the form of a current certificate of insurance which lists as additional insured/loss payee the specific location, as well as the Diocesan Bishop, as Trustee, and a Letter of Endorsement confirming that this coverage as additional insured/loss payee, is in fact in force. This ensures that the contractor has adequate coverage and limits the parish's liability and exposure to loss. Contact the Diocesan Director of Insurance and Facilities for more information in this matter.

1.9 Credit Cards and Debit Cards

Parish credit cards may be used to facilitate purchasing and to make use of the parish's sales tax exemption. Credit cards should be issued in the parish's name and may only be used for parish activity. No personal expenditures are allowed.

Credit card charges must be evidenced by a credit card receipt and a store receipt detailing the items purchased. Only staff members who need to make frequent purchases on behalf of the parish can be authorized signers. The pastor and the parish accountant/bookkeeper must examine the monthly credit card statement carefully, ensuring that purchases are appropriate and reasonable and that all individual charge slips/store receipts are filed with the monthly credit card statement.

Credit card bills **must** be paid in full each month.

Debit Cards are not permitted.

- Use of a debit card results in immediate withdrawal of funds from the account, facilitating immediate theft and postponing realization of theft, possibly until a bank statement is received. In addition, the use of a debit card by someone other than a member of the clergy effectively gives them check-signing authority, in contrast to the policy of only clergy being authorized signers on bank accounts.

1.10 Petty Cash Funds

Petty cash funds are intended for purchases of less than \$25. The aggregate of all petty cash funds should not exceed \$150.

- The petty cash custodian (normally the parish secretary) is responsible for maintaining and reconciling the petty cash fund.
- All purchases paid from a petty cash fund must be identified on the Petty Cash Reimbursement Request Form and supported by original receipt documentation indicating:
 - the amount of the expense;
 - the date of the expense;
 - the purpose of the expense; and
 - the name of the person making the purchase.
- Reimbursements to the petty cash fund are made when necessary (usually when petty cash on hand is less than \$50). The request is processed through accounts payable and the check is made payable to “Petty Cash Custodian, (Name)”.
- The petty cash fund is physically kept secure in the church safe or fireproof cabinet.
- The petty cash fund must be recorded and maintained in the QuickBooks accounting system.

1.11 Assessments, Contributions, and Diocesan-Administered Programs

Parishes support diocesan programs and services in the following ways:

- **Cathedraticum:** A monthly payment based on 5-7% of a parish's offertory revenue – the amount collected at all week-end Masses (except for special collections and those exempted by the Diocesan Bishop). The specific percent depends on the parish's obligation for Catholic school support. Diocesan Tax (Cathedraticum) revenue provides necessary funds for activities and services that are not covered by revenue from the Annual Bishop's Fund Appeal, including the Office of the Bishop, Diocesan Finance Office, and Human Resources. Through the Cathedraticum assessment, each parish helps to support ministries and necessary services that directly benefit the Church at the Diocesan and parish level.
- **Diocesan Catholic Schools Contribution:** Each parish also pays a set percentage of offertory revenue to help support the Catholic schools in the Diocese of Burlington. The applicable percentage depends on the location of the parish and its vicinity to a Catholic school.
- **Priest Benefit Fund:** A monthly payment based on 7% of a parish's taxable offertory revenue and is payable to the Priests' Benefit Fund for Diocesan priests or to the Religious Order for Religious Order priests.

1.12 Contracts

- **Property:** As Trustee of all Parish Charitable Trusts, the Diocesan Bishop reserves the right to execute all real estate transactions. Therefore, all property transactions must be reviewed, approved and signed by the Diocesan Bishop, and in some instances, subject to the approval of the College or Consultors and the Diocesan Finance Council. (Cf. canon 1292).
- **Goods and Services:** The Diocesan policy mandates that all parish contracts for goods and services totaling **\$25,000 or more** over the life of the contract must be approved and signed by the Diocesan Bishop.

The \$25,000 threshold applies to any single project or service, regardless of the amount of individual payments on the contract. Splitting the contract into multiple contracts to avoid this requirement is prohibited.

New construction or major renovations are governed under the approval process established by the Diocesan Building Commission. *See the Building Commission Guidelines for that process.*

1.13 Sales Tax

Overview

Parishes in the Diocese of Burlington are not-for-profit organizations and generally exempt from paying sales tax on purchases from retailers of tangible personal property or services in the State of Vermont.

Parishes must provide retail vendors with a State of Vermont Tax Department Certificate documenting the exemption prior to making purchases. Individuals purchasing on behalf of the parish must be alert to ensure that tax is not charged at the time of purchase.

Parishes must pay for exempt purchases by check drawn on its own checking account. Exempt purchases may also be made by credit card **provided the credit card is issued in the parish's name only and is used exclusively to make purchases for the parish and not for the convenience of its employees.** Credit card charges must be paid for by check drawn on the parish's own checking account.

Purchases from retail vendors of tangible personal property or services for any parish rental income properties are **not exempt from sales tax.**

Sales at parish fundraising or social events by retailers (e.g. sales of food at a carnival by a restaurant) are also **not exempt from sales tax.**

1.14 Recording and Reporting

The standard Chart of Accounts and the parish functional activity/classes (e.g. liturgical, religious education, etc.) are designed so that parishes may record their expenditures to specific natural expense categories (e.g. compensation, utilities) as well as functional activity classes or to asset and liability accounts, as appropriate.

2. Building, Capital Improvements, and Major Renovations

2.1 Building Commission

The function of the Diocesan Building Commission is to review carefully parish projects and plans to ensure that:

- The design is both appropriate and becoming;
- The buildings will represent good value in terms of use and maintenance in the years ahead;
- The project is financially possible; and
- Project risks are appropriately addressed.

2.2 Building and Renovation Project Examples

- The building of new churches and chapels;
- Any renovation or repair that will affect liturgical space;
- Catholic school expansion and improvements;
- Construction of parish centers;
- Any other building renovation or repair project that will exceed \$10,000 of expenditures in the aggregate;
- All major capital improvements to parish rectories and grounds and any buildings that fall under the auspices of the Diocese of Burlington.

See Appendix 10.1 – Policies of the Building Commission Parish Projects.

3. Property and Equipment

3.1 Overview

Tangible property and equipment that a parish owns and uses in its activities and that has a useful life to the parish of greater than one year is usually recorded as a fixed asset when acquired, rather than charged to expense.

According to Diocesan policy, property and equipment purchased or donated, with a value of less than \$5,000 is charged to an expense, not a fixed asset.

Property, excluding land, and equipment that is recorded as a fixed asset is depreciated over the expected useful life of the fixed asset. Land is not depreciated as it has an indeterminate useful life.

Parishes are asked to contact the Parish Financial Services Office for guidance on appropriate expected useful lives and recording depreciation.

See Chapter XIV, Policy Number PA0004, Fixed Assets for additional guidance.

Chapter X APPENDIX

Section:

Polices of the Building Commission Parish Projects _____10.1

POLICIES OF THE BUILDING COMMISSION **PARISH PROJECTS**

July 2008

The care and improvement of parish properties is one of the many aspects of parish administration that calls for direction and decision making. As in all parish affairs, these decisions require that we balance our needs against our resources and that we consider the needs of individual parishes along with the needs of the entire diocese.

THE BUILDING COMMISSION

1. The Diocesan Bishop, as trustee of all Parish Charitable Trusts created the Building Commission as an advisory board to deal with matters that pertain to repairs, renovation, replacement, alteration, decorating and construction of all parish buildings and properties. Proposed projects are submitted first to the Office of the Chancellor, it is then submitted to the Building Commission for study and recommendation. The Commission's findings and recommendations are returned to the Diocesan Bishop, who, after consultation with his advisors, may authorize, deny or call for revision of plans.
2. The members of the Building Commission are appointed by the Bishop and shall include an architect, engineer and a contractor. The term of office is three years, and may be renewed. Advisory recommendations are by a majority of the Commission members.
3. Projects which require advisory action by the Building Commission are:
 - a) Any repair, renovation, replacement, alteration, decorating or construction project whose anticipated cost is \$10,000.00 or more.
 - b) Having cash available through gifts, estates, bequests, fund-raising efforts or insurance settlements **does not** exempt a parish from prescribed processes, nor does it guarantee a project will be approved. However, approval will not be withheld unreasonably.
 - c) All repairs or improvements, whatever their cost, which alter the exterior or interior appearance of parish property, or which structurally change a building must be submitted. In addition, all liturgical changes/additions must be submitted to the Office of the Vicar General and approved by the Most Reverend Bishop.

PROCEDURES FOR SUBMITTING PROPOSALS

In the interest of maintaining good order, the following steps will be followed with all parish projects over \$10,000:

- Step 1: After discussion on the local level, the pastor/administrator brings the concept forward to the Bishop or the Chancellor for consultation before a proposal is begun. At this stage procedures are outlined and financial parameters are discussed.
- Step 2: After the concept is approved by the Bishop or the Chancellor, the pastor/administrator consults with his Parish Council and Finance Council to develop the concept into a formal proposal. Development of the formal proposal may require the use of architects, engineers and building committees. **At least three competitive bids must be sought for the proposal.**
- Step 3: The formal project proposal, in compliance with the guidelines noted above, along with the minutes of Parish and Finance Council meetings, are submitted to the Chancery Office.
- Step 4: The proposal is submitted by the Chancellor to the Building Commission for its study and recommendation. When appropriate, Building Commission members will schedule an on-site visit with the pastor/administrator and appropriate parish committees. The commission may also consult with other appropriate diocesan boards and offices if deemed advisable.
- Step 5: The Building Commission's recommendation is submitted to the Diocesan Bishop, who, in consultation with his advisors, will approve, disapprove, or request a revision. The Diocesan Bishop or the Chancellor will communicate the decision to the pastor. For proposals that have been approved, contracts will be signed.
- Step 6: Progress reports shall be sent to the Chancellor by the pastor/administrator or his delegate as prescribed in the approval letter. The Chancellor will be notified when the project is complete.

GENERAL FINANCIAL POLICIES

1. A parish or institution must have on hand at least fifty percent of the anticipated cost of a project before approval to commence work can be given. In addition, each parish must include a contingency fee of approximately 10 to 15 percent of the construction cost. A greater sum will be required where amortization within fifteen years is not financially feasible. All costs, including architect, engineer and all soft costs which include, but are not limited to the following, are to be included in the anticipated cost of a project:
 - a) Interest during construction
 - b) Permit fees
 - c) Legal expense
 - d) Clerk of the works (inspector)
 - e) Furniture and equipment
 - f) Construction insurance (Builder's Risk)
2. Where long-range financing is required, a parish or institution is generally expected to show its ability to amortize its debt in not more than fifteen years. Negotiated loans in excess of \$10,000 by a pastor require written authorization by the Diocesan Bishop. The Diocesan Finance Office is available to assist the parish in securing a loan.
3. When a parish envisions the need for engaging in a Capital Campaign in order to raise the necessary funds for the proposed project, they must first seek the permission of the Diocesan Bishop to complete a Feasibility Study, and following its completion, seek the permission of the Diocesan Bishop to begin the Capital Campaign.

LEGAL POLICIES

1. As Trustee of all Parish Charitable Trusts the Diocesan Bishop consults his advisors on issues where the expenditure of \$15,000.00 or more is concerned. The same procedure is followed for the granting of easements, the acquisition and alienation of property. Proposed alienation of parish property may also require the consent of the Diocesan Finance Council and Diocesan Board of Consultors in conformity with Canon 1292 §1 of the *Code of Canon Law*.
2. Contracts for renovation or construction require the signature of the Parish Trust Administrator (the pastor or priest administrator) with the approval of the Diocesan Bishop.

OTHER POLICIES

1. The diocese recognizes the need for professionals in all construction projects. This includes architects and engineers.
2. Once a project is underway, **any significant change**, either in the plans or in the financing, is to be submitted for approval by the Diocesan Bishop.
3. Because of the legal ramification of contracts and agreements, the services of a Diocesan Attorney will be used whenever it is deemed advisable by the Diocesan Bishop.
4. The Diocesan Bishop with his advisors and the Building Commission are authorized to consult persons of expertise who would contribute to a better understanding of submitted proposals.
5. If permission is given to use volunteer labor on projects described in these policies, adequate insurance and legal protection is to be assured.
6. Insurance settlements and bequests can be accepted only with the approval of the Bishop.

XI. RECORD RETENTION POLICY

It is important to maintain adequate records to comply with the legal requirements of the Internal Revenue Service and for good operational practices.

The following is a list of records and the length of time they must be kept in every parish:

Annual Reports	Permanent
Auditor Reports.....	Permanent
Bank Statements.....	Current + 7 Years
Bank Reconciliations	Current + 1 Year
Bank Deposit Slips.....	Current + 3 Years
Canceled Checks (all)	Current + 7 Years
Cash and Check Receipts Log	Current + 3 Years
Check Registers	Current + 5 Years
Collection Count Sheets and Summary	Current + 3 Years
Computer Disk Backups (all).....	Permanent
Contracts:	
Purchases.....	Current + 7 Years
Construction and Renovation.....	Permanent
Sale and Purchase of Land.....	Permanent
Donations:	
Acknowledgement for individual gifts	Current + 5 Years
Donor Envelopes and Copies of Loose Checks	Current + 1 Year
Employee Expense Report.....	Current + 3 Years
Employee Files (Individual)	Permanent
Employment Applications and Resumes	13 Months
Federal and State Tax Records:	
Form 990T	Permanent
Form 1096.....	Current + 7 Years
Form 1099.....	Current + 7 Years
IRS Tax Identification Number Form SS-4.....	Permanent
Vermont Business Tax Registration	Permanent
Vermont Form B-3 (Bingo)	Permanent
Financial Reports, Annual	Permanent
Fundraising Licenses and Permits.....	Current + 5 Years

Loan and Line-of-Credit Agreements	Life of Loan + 6Years
Legal Correspondence	Permanent
Minutes of Parish Finance Council Meetings	Permanent
Parish Organization Records.....	Permanent
Personnel Evaluations	Permanent
Purchase Invoices:	
Property and Equipment	Asset Life + 3 Years
General Purchases	Current + 7 Years
Payroll Records:	
Payroll Journal	Current + 7 Years
Form I-9	7yrs after Termination
Form W-4 (State and Federal)	7yrs after Termination
Form W-9	Current + 7 Years
Form W-2	Current + 7 Years
Form W-2G.....	Current + 7 Years
Form 109	Current + 8 Years
Form 941	Current + 8 Years
Form 945.....	Current + 8 Years
State Withholding Reconciliations and Reports	Current + 8 Years
Time cards and daily time reports	Current + 7 Years
Rental Agreements and Insurance Certificates	Current + 7 Years
Restricted Donation Records:	
Bequests and Endowments	Permanent
Sacramental Records	Permanent
Tamper-Evident Bag Control Log	Current + 3 Years
Tuition Records and Contracts	Current + 3 Years

Note: A permanent record of destruction of documents after expiration of their retention period is a valuable additional control feature and it is recommended that such a record be maintained.

XII. PARISH DEVELOPMENT

This chapter offers an introduction to Parish Development concepts that will strengthen ongoing financial support including increased offertory collections, stewardship, and planned giving. It also offers a description of the Annual Bishop's Fund Appeal and the process for the parish to consider conducting a capital/endowment campaign.

The Diocesan Development Office aims to collaborate with the parish to approach leading prospects with the capability for donations of \$10,000 and above.

1. Increased Offertory Campaigns

1.1 Introduction

An increased offertory campaign is a vital program that can boost parish support, create important stewardship opportunities for parishioners and help the parish family grow and prosper.

1.2 Process

Various approaches to stimulate increased offertory may be appropriate and ideas about the most effective methods have evolved with technological advances. For guidance on specific campaign initiatives please contact the Diocesan Development Office.

2. Stewardship

2.1 Introduction

Stewardship is an important priority for active parish life. Parishioners are invited to participate in a spiritual journey by sharing their individual time, talent, and treasure to their parish family.

2.2 Process

Stewardship is more than offering contributions to address the important operation and maintenance of our Church. It is encouraged to serve as a way of living. It is comprised of four parts:

- Receiving the gifts of God with gratitude;
- Cultivating those gifts responsibly;
- Sharing gifts lovingly in justice with others; and
- Standing before Our Lord in a spirit of accountability.

For further guidance on the stewardship process, including the key components in detail, please contact the Diocesan Development Office.

3. Planned Giving

3.1 Introduction

Planned Giving is a wonderful tool that can enable donors to reach more significant levels of giving to the parish, while at the same time producing an income stream for the donor or a designee.

A properly planned gift may:

- Provide an income for life for the donor or a designee;
- Reduce or eliminate capital gains taxes;
- Generate a charitable income tax deduction;
- Reduce or eliminate gift and estate taxes; and
- Provide a much larger gift to the parish than ordinarily would be possible.

3.2 Types of Planned Gifts

- **Bequests** are an important option for parishioners to consider ensuring the vitality of the parishes for many years to come. Many donors, after evaluating family and philanthropic goals, make bequests to their parish to help support many vital programs. Bequests (also referred to as **Testamentary Gifts**) are gifts that take effect at someone's death. Donors can simply name their parish as the beneficiary of a charitable gift contained in a will, revocable "living" trust, or on a beneficiary designation form for life insurance or a retirement account.
- **Life Income Gifts** benefit both the parish and the donor. Donors may receive numerous tax and financial benefits by creating a life income gift, such as a **charitable gift annuity** or **charitable remainder trust**. The donor makes an irrevocable contribution of assets to fund the trust or annuity, gets an immediate income tax deduction for part of the contribution's value, and receives income for life or a term of between 1 and 20 years. When the trust or annuity term ends, the remaining assets can be directed to support the parish.
- **Charitable Lead Trusts** can make an agreed payment to the parish for a specific term of years or for someone's life. Thereafter, the lead trust assets are either returned to the person who created the lead trust (this person also receives an income tax deduction when the trust is created) or passed on to children, grandchildren, or other loved ones (applicable estate or gift taxes on the value of the gift to the child or other heir are reduced or completely eliminated).
- **Outright gifts** of assets other than cash and publicly-traded securities can have differing tax consequences depending upon how long that asset has been held, and whether it is related to the charitable purposes of the parish. These questions should be evaluated prior to making the gift. The Diocesan Development Office can help assess and direct a gift of tangible

personal property, privately-held securities, or real estate so that it meets philanthropic goals.

3.3 Tax Facts

Helpful information is available from the Internal Revenue Service at www.IRS.gov under “Forms and Publications.” For examples, please access:

- *IRS Publication 526: Charitable Contributions*
- *IRS Publication 561: Determining the Value of Donated Property*
- *IRS Form 8283: Non-cash Charitable Contributions (a.k.a. appraisal summary)*

4. Annual Bishop’s Fund Appeal

4.1 Introduction

The Annual Bishop’s Fund Appeal provides the single most important source of funds for Diocesan-wide programs and pastoral care of the needy; parish support; services for clergy and religious; and support of instruction for our children in Catholic schools and parish religious education programs.

Funding from the Annual Bishop’s Fund Appeal subsidizes Diocesan programs that support our parishes, Catholic Charities, Religious Education, and many other critical ministries.

4.2 Process

- The Appeal begins the first week of June and continues through August 31st with the intention the goal will be reached by this time.
- The annual Bishop’s Fund Leadership Manual outlines the sequence of events, including announcements, goals and procedures, and is distributed to each parish to provide guidance for the appeal.

5. Capital/Endowment Campaigns

5.1 Introduction

A parish capital/endowment fundraising campaign is defined as any parish effort which seeks to raise an amount of at least twice the parish’s annual offertory income, or \$250,000 whichever is less, in pledges payable over three-to-five years. The funds raised may be used for new construction, renovations or restoration, debt reduction or retirement, restricted/ unrestricted endowment, special programs, or other capital needs.

5.2 Approval Process

- **Fundraising for Construction, Renovation, Repair, or Restoration Projects**

If the purpose of the fundraising is for the renovation, repair, or restoration of parish property, or new construction on parish property, the process for approval of the fundraising program is set forth in the *Policies of the Building Commission Parish Projects*, see Appendix X.

- **Fundraising for Debt Reduction or Retirement, Endowments, Special Programs, or Other Capital Needs Projects**

If the fundraising is for a project not subject to the Diocesan Building Commission process, a letter requesting approval should be sent to the Office of the Bishop outlining the project and fundraising effort. The Diocesan Bishop will consult with Diocesan Administrative Board, Diocesan Finance Council or the Diocesan Development Office, as necessary, and request any required additional information from the pastor. After consideration, the Diocesan Bishop will inform the pastor of his decision on the parish's request for approval of the fundraising campaign.

- Commitment by the pastor/parish to raise funds should not be made until the appropriate approval has been provided.
- The Office of the Bishop and the Diocesan Development Office should be aware of all donors identified for gift solicitations at \$10,000 and above.
- At no time shall a parish enter into a loan agreement with anyone other than an authorized lender. The loan must be approved by the Bishop.

Feasibility Study

Prior to conducting a capital campaign of over \$250,000, a Feasibility Study must be conducted to determine the parish's ability to complete a successful capital campaign. It will be important to communicate with the Diocesan Development Director to confirm the Feasibility Study process.

The results of the Feasibility Study will be communicated to the Office of the Bishop for final approval to proceed with a capital/endowment campaign.

Feasibility Studies and Capital Campaigns require coordination with the Diocesan Development Office.

5.3 Conducting Capital/Endowment Campaigns

All individual gift requests of \$10,000 and above should be submitted for review to the Diocesan Development Office.

Parishes should consider hiring fundraising consultants for all capital/endowment fundraising campaign goals as defined in section 5.1 above.

The Annual Bishop's Fund Appeal is *recommended* to be included in the overall campaign total for the year that pledges are requested. In this way, parishioners will avoid being solicited twice in a single year.

XIII. Cemetery Accounting and Finance

This section provides guidance to pastors, parish Finance Councils and Cemetery Boards on issues related to the accounting and finance for parish cemeteries.

1. Overall Control Environment

A parish cemetery is a parish organization and as a parish organization it must use the tax ID number of the parish.

A parish cemetery is guided by the leadership of the pastor, the Parish Finance Council and the Cemetery Advisory Board.

This leadership group assures the cemetery's integrity by understanding its complexity and then monitoring financial and operating performance data.

The pastor will be supported in the planning and administration of the parish cemetery through a Cemetery Advisory Board made up of a suitable balance of parish laity, representing various disciplines, with the skills to effectively manage the cemetery.

The parish Cemetery Advisory Board is a consultative body appointed by the pastor or administrator and is advisory in nature. The Cemetery Advisory Board's 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 Cemetery Advisory Board.

The parish Cemetery Advisory Board will meet at least two times each year and keep formal minutes of its meetings.

2. Financial Reporting

The primary objective of financial reporting is to accurately summarize the financial activity of the cemetery timely and on a consistent basis. To this end, all cemetery financial activity will be added to the Parish Financial Reporting in QuickBooks.

The accrual method of accounting will be followed and the Diocesan fiscal year will be used for reporting.

The parish secretary/bookkeeper/business manager shall be responsible for recording all cemetery financial activity in QuickBooks.

A standard Chart of Accounts section for cemeteries has been added to the Parish QuickBooks Chart of Accounts. (See *Chapter VI, Chart of Accounts*)

2.1 Periodic Reporting

The pastor, the Parish Finance Council and the Cemetery Advisory Board shall meet at least twice a year, preferably in the spring and fall to discuss the finances of the cemetery. Prior to the meeting, all attendees shall receive a QuickBooks Statement of Financial Position (Balance Sheet) and a QuickBooks Statement of Activities (Profit and Loss Statement) for the period for cemetery operations. QuickBooks financial statements can be customized to select only accounts related to cemetery operations or class reporting can be used.

2.2 Annual Reporting

An Annual Report of cemetery operations is required to be submitted to the Diocesan Bishop and the Diocesan Director of Cemeteries by **August 15th** for the previous fiscal year.

Annual Reporting to the Diocesan Bishop

Cemetery financial operating information is to be consolidated with the standardized parish financial reporting. The parish financial statements sent to the Diocesan Bishop shall include cemetery operations in its Statement of Financial Position (Balance Sheet) and Statement of Activities (Profit and Loss Statement). (See Chapter III, Section 7.0- Mission)

Annual Reporting to the Diocesan Director of Cemeteries

The annual reporting to the Diocesan Director of Cemeteries shall include:

- The names of the members of the Cemetery Advisory Board or Committee.
- Copy of the annual operating budget of the cemetery for the upcoming fiscal year.

3. Budgeting

A budget is a financial tool for planning the operating activities for the up-coming fiscal year. Canon 1284 recommends that a budget be drawn each year for income and expenditures.

A budget is developed based on the revenue and expense experience of the prior year, together with anticipated increases/decreases in any revenue or expense items based on present conditions and any planned activity for the next fiscal year.

The budget is created by the Cemetery Advisory Board in collaboration with the pastor. The pastor shall approve the final budget. The budget should be prepared based on the revenue and expense items applicable to cemetery operations that correspond to Parish Chart of Accounts in QuickBooks. The cemetery budget must be recorded in QuickBooks.

See Chapter IV, Budgeting & Reporting for detailed instructions.

4. Cemetery Chart of Accounts

Accounts for cemetery operations are included in the Chart of Accounts in QuickBooks. Cemetery activities in the parish are to be categorized under the “Cemetery” class. When entries are recorded for cemetery revenues and cemetery expenses they must be assigned to the appropriate chart of account number and the “Cemetery” class.

The use of the “Cemetery” class will enable the parish to create a report specifically for cemetery operations.

The complete parish Chart of Accounts that will be used in every parish can be found in *Chapter VI, Chart of Accounts, Appendix, Section 6.1.*

5. Cemetery Cash Receipts and Cash Disbursements

5.1 Operating Bank Accounts

In accordance with *Chapter VII: Cash Receipts, Section 1.1*, a parish, including all organizations that use a parish’s tax ID number, should ideally maintain only one operating checking account. The parish cemetery, as an organization of the parish, should not maintain a separate cemetery operating checking account. Cemetery savings accounts that allow for transfers to the one parish operating checking account are the recommended alternative.

5.2 Savings and Investment Accounts

Cemetery operating funds should be maintained in a savings account.

Excess cash and funds that are restricted for a specific purpose, such as funds designated for the purpose of perpetual care (permanent maintenance) and restricted gifts should be maintained in separate savings/investment accounts.

5.3 Signatories on Bank and Investment Accounts

The authority to open bank accounts on behalf of the cemetery is given to the pastor.

The Diocesan Bishop, as Trustee of each Parish Charitable Trust, must be a signer on all bank and investment accounts along with the pastor.

As an alternate signatory for emergency situations, the Dean of the Deanery in which the parish is located should be a signer on all bank accounts.

See Chapter IX, Investment Policy for additional guidance.

5.4 Procedures for Cash Receipts

Timely deposit of cash and checks from the sale of cemetery lots or services is important because the delay in deposit creates a greater risk of loss.

The cemetery treasurer or parish bookkeeper is responsible for the collection and subsequent deposit of cemetery funds.

At the time of sale, the cemetery treasurer or parish bookkeeper shall prepare a Cemetery Cash Receipt Form noting type of service, the date of receipt and amount of receipt. The Cemetery Cash Receipt Form shall be signed by preparer. The deposit of the cemetery cash receipts shall be made weekly by the cemetery treasurer or parish bookkeeper. If the deposit is handled by the cemetery treasurer, copy of the Cemetery Cash Receipt Form, bank deposit slip and the bank deposit receipt shall be remitted to the parish bookkeeper for proper recording in the parish QuickBooks.

See Chapter VII, Cash Receipts for additional information.

5.5 Procedures for Cash Disbursements

All cemetery cash disbursements shall be generated by the parish bookkeeper using the QuickBooks system.

All original bills/invoices are forwarded to the pastor for his approval which is indicated by his initialing and dating the invoice. Payments should not be made from copies of invoices or statements listing invoices. This policy is in place to avoid duplicate payments.

Invoices must be presented to the pastor for approval before payment. The pastor indicates his approval by initialing the invoice and then forwards the invoice to the parish bookkeeper for payment processing in QuickBooks.

Invoices are to be paid using the parish operating checking account.

The pastor (or in his absence, the alternate check signer) signs all checks. The printed check and accompanying documentation (e.g. approved invoices or check requests) must be provided to the pastor for signature.

See Chapter X, Cash Disbursements for additional information..

6. Inventory

Cemetery land, land development and improvement costs (including grading, landscaping, sidewalk construction and roadways) and mausoleum or columbarium development costs are recorded in QuickBooks at historical cost, as an asset.

7. Revenue and Expense Recognition

Typically, revenue from the sale of lots or units is recognized upon the execution of a contract at the time a contract is signed. Some sales contracts provide for the option to prepay burial or other service fees. Such prepayments are reflected as deferred revenues and are recognized when the burial or other service is performed.

The cost of each lot or unit sold is calculated based on an allocation of the total expenses incurred in purchasing and developing the burial spaces divided by the number of lots or units available. As lots or units are sold, an entry is recorded to reduce inventory and record an expense for the cost of the unit sold.

8. Perpetual Care Maintenance Funds

All cemeteries shall establish a perpetual care fund. The intention of the fund is to hold a reserve, the income from which is sufficient to satisfy current and future maintenance requirements, including personnel, equipment and infrastructure.

Perpetual care funds are restricted funds and must be deposited into a separate certificate of deposit, money market or investment account. The perpetual care funds shall not be commingled with any other parish funds.

A minimum of 25% of the sale of every lot or burial space shall be set aside and restricted for perpetual care maintenance.

The principal set aside for perpetual care maintenance shall remain inviolate. The amounts set aside should be segregated in net assets; recorded as Unrestricted Net Assets Limited to Use for Future Care.

The income earned on the perpetual care funds shall be used for cemetery perpetual care maintenance.

9. Investing Restrictions

Cemetery funds shall be invested in accordance with Vermont Statute *Title 18: Health, Chapter 121: Cemeteries, §5309, Investment of Funds*. For questions regarding these investment restrictions, please contact Diocesan Parish Financial Services.

Chapter XIII APPENDIX

Section:

Cemetery Cash Receipt Form _____ **13.1**

SECTION 13.1 – Cemetery Cash Receipts

_____ CEMETERY
CASH RECEIPTS

DATE: _____

TYPE OF SERVICES

Sale of lot _____
Sale of Columbarium Niche _____
Care of monuments _____
Interments _____
Vases _____
Markers _____
Foundation _____
Donation _____
Other _____

Description of Service:

Received From _____

Check # _____ Amount \$ _____

Received By _____

_____ **CEMETERY**
CASH RECEIPTS

DATE: _____

TYPE OF SERVICES

Sale of lot _____
Sale of Columbarium Niche _____
Care of monuments _____
Interments _____
Vases _____
Markers _____
Foundation _____
Donation _____
Other _____

Description of Service:

Received From _____

Check # _____ Amount \$ _____

Received By _____

XIV. School Accounting and Finance

This section provides guidance to pastors, parish Finance Councils, principals and school committees on issues related to the accounting and finance for parish and Diocesan schools.

1. Overall Control Environment

A parish school is a parish organization and as a parish organization it must use the tax ID number of the parish.

A parish school is guided by the leadership of the pastor, the principal, the Parish Finance Council and the local Catholic School Advisory Board.

A Diocesan school is an organization under the leadership of the Diocesan Bishop, the Diocesan Finance Committee, the Superintendent, the principal and the local Catholic School Advisory Board.

The local Catholic School Advisory Board shall have as its sole concern the ministry of Catholic school education. Its purpose is strategic planning, policy formation, institutional advancement, financial planning and management, communication, and mission enhancement. In a parish school, these policies are effective upon the consent and ratification by the pastor. In a Diocesan school, these policies become effective upon the consent and ratification by the Diocesan Bishop through the Superintendent of Catholic Schools.

The functions of the local Catholic School Advisory Board are to:

- Determine goals for Catholic school education;
- Develop policy in light of Diocesan policy that will guide the administrators in fulfilling Board goals;
- Review the implementation of education policy by the administrators;
- Evaluate the effectiveness of Board policy in achieving Board goals.

See the Catholic School's Office Policies and Regulations, Policy/Regulation 2040.

2. Financial Reporting

The primary objective of financial reporting is to accurately summarize the financial activity of the school timely and on a consistent basis. All school financial activity will be recorded in QuickBooks using either the Elementary School Chart of Accounts or the Secondary School Chart of Accounts. *See the Catholic School's Office Policies and Regulations, Regulation 3110.4, Form 3110.1B and Form 3110.1C.*

Quarterly financial reports (ending September 30, December 31, March 31 and June 30) are due in the Diocesan School and Diocesan Finance Offices within a month following the end of the quarter with the exception of the June 30 report. Monthly reporting is encouraged of

all and may be required of some. *See the Catholic School's Office Policies and Regulations, Regulation 3110.5.*

The accrual method of accounting will be followed and the Diocesan fiscal year will be used for reporting.

The school accountant/bookkeeper shall be responsible for recording all of the school financial activity in QuickBooks.

2.1 Periodic Reporting

Quarterly financial reports (ending September 30th, December 31st, March 31st and June 30th) are due in the Diocesan School and Diocesan Finance Offices within one month after the end of the quarter with the exception of June 30th report.

The pastor, the Parish Finance Council and the local Catholic School Advisory Board shall normally meet monthly. Prior to the meeting, all attendees shall receive a QuickBooks Statement of Financial Position (Balance Sheet) and a QuickBooks Statement of Activities (Profit and Loss Statement) for the period.

See Chapter IV, Budgeting & Reporting, Section 2.1, for additional guidance.

2.2 Annual Reporting

The year-end financial report from each school is due in the Diocesan School and Diocesan Finance Offices on or before August 15th, annually. A brief explanation of any significant profit or loss (\$10,000 or more) must accompany the report.

The Annual Report of Diocesan School operations is required to be submitted to the Diocesan Bishop by **August 15th**, for the previous fiscal year. The Annual Report of Parish Schools is required to be submitted to the Diocesan Bishop as part of the parish Annual Financial Report no later than **August 15th**, for the previous fiscal year.

See Chapter III, Parish Finance Council, Section 7, for additional guidance.

3. Budgeting

A budget is a financial forecasting tool for planning the operating activities of a parochial school for the up-coming fiscal year.

The school principal develops the initial budget with input from the faculty and staff, and in consultation with the Finance Committee of the local Catholic School Advisory Board. The budget for a parochial school is reviewed and approved by the pastor. The principal submits the preliminary budget to the local Catholic School Advisory Board for review and counsel.

Following local Catholic School Advisory Board and Parish Finance Council recommendation to the pastor for amount of parish support (where applicable), the principal submits the budget to the Diocesan Catholic Schools Office with the approval signature of the pastor (for parish schools) or with the approval signature of the local Catholic School Advisory Board chair (for Diocesan schools). Budgets will also be reviewed by the Diocesan Finance Office.

Diocesan school budgets are required to be approved by the Diocesan Finance Council and the Diocesan Administrative Board.

Budgets should be reflective of the programs and plans and should include funds for program development and improvement.

The budget must be balanced and rely on a realistic amount of outside funding.

The school budget must be recorded in QuickBooks.

For detailed instructions see Chapter IV, Budgeting & Reporting and School's Office Policies and Regulations, Regulation 3110, Budget Planning, and Forms 3110.1A, 30110.1B and 3110.C.

4. Cash Receipts and Cash Disbursements

4.1 Operating Bank Accounts

The school should ideally maintain only one checking account. The use of one operating checking account to accomplish the business of the school simplifies the bookkeeping function and strengthens internal control security.

4.2 Savings and Investment Accounts

Excess cash and funds restricted for a specific purpose, such as funds that are raised for scholarships and restricted gifts, should be maintained in separate savings/investment accounts.

See Chapter XIV, Policy Number PA0003, Restricted Net Assets for additional guidance.

4.3 Signatories on Bank and Investment Accounts

The authority to open bank accounts on behalf of a parish school is given to the pastor. The Diocesan Bishop, as Trustee of each Parish Charitable Trust, must be a signer on all bank and investment accounts along with the pastor. As an alternate signatory for emergency situations, the Dean of the Deanery in which the parish is located should be a signer on all bank accounts.

The authority to open bank accounts on behalf of a Diocesan school is given to the principal. As an alternate signatory for emergency situations, the vice principal or another designated individual approved by the Diocesan Finance Office should be a signer on all bank accounts. The designated individual should not be an individual with direct access to the QuickBooks accounting system.

The use of a check-signing machine or signature stamp is prohibited.

See Chapter IX, Investment Policy for additional guidance.

4.4 Monthly Reconciliation

All bank account reconciliations must be performed monthly using the QuickBooks reconciliation function. The principal should open the bank statements, review the bank activity, indicate his review by initialing the statements and then provide the bank statements to the accountant/bookkeeper for reconciliation. The principal should also review all bank reconciliations on a monthly basis and indicate his review by initialing the reconciliations. The printed reconciliations must be filed with the bank statements and retained according to the record retention policy.

4.5 Procedures for Cash Receipts

The school secretary or administrative assistant should prepare the Cash and Check Receipt Log for cash and checks received in person and in the mail documenting the date, amount received, student's name and type or purpose with a short description.

In schools where there is adequate personnel to segregate duties the individual opening the mail and preparing the Log should not have access to QuickBooks.

See Chapter VII, Cash Receipts, Appendix 7.4 for a copy of the Log.

Checks should **immediately** be restrictively endorsed with the stamp of:

“For Deposit Only”

Name of school

Name of bank

Operating checking account number

Cash and checks must be stored in the school safe or locked, fireproof cabinet until deposited. The Cash and Check Receipt Log can be used to prepare the bank deposit slip. Deposit should be brought to the bank at least twice a week, or more often if necessary, and the receipted bank deposit slip returned to the school accountant/bookkeeper for reconciling and filing.

See Chapter VII, Cash Receipts for additional guidance.

4.6 Fundraising

Schools traditionally help defray expenses and supplement basic educational programs by fundraising in the school, parish and local communities. Common forms of fundraising activities are generally auctions, entertainment programs, product sales, raffles, bingo, etc. All such activities shall be conducted in accordance with Vermont Statutes and Diocesan policies.

See Chapter VIII, Fundraising for additional guidance.

4.7 Procedures for Cash Disbursements

All cash disbursements shall be generated by the school accountant/bookkeeper using the QuickBooks system.

All original bills/invoices are forwarded to the principal prior to payment for his/her approval which is indicated by his/her initialing and dating the invoice. Payments should not be made from copies of invoices or statements listing invoices. This policy is in place to avoid duplicate payments.

The school accountant/bookkeeper must record all invoices to be paid as an Accounts Payable in QuickBooks when they are received, indicating the purpose in the memo section, date of the invoice and payment due date in the appropriate sections.

The pastor or principal (or in their absence, the alternate check signer) signs all checks. The printed check and accompanying documentation (e.g. approved invoices or check requests) must be provided to the pastor/principal for signature.

See Chapter X, Cash Disbursements for additional guidance.

5. Tuition Revenue Recognition

Each school may determine how to recognize tuition revenue. A school may recognize revenue at the beginning of the school year, regardless of the timing of cash receipts, but it must be understood that the revenue is not being recognized in accordance with Generally Accepted Accounting Principles (GAAP). This deviation in GAAP is acceptable for management purposes. Tuition for students who leave during the school year will be adjusted according to the individual school policy. Registration fees, early payments and progress payments for programs or activities to be conducted primarily in the next fiscal year are classified as deferred revenue and are recognized as revenue only when the revenue producing event has occurred (the start of the school or fiscal year).

Tuition invoices are to be recorded at the beginning of the school year regardless of the payment plan. QuickBooks will be used to track individual tuition amounts to assist in the collection of past due tuition.

All adjustments for tuition, other receivables and free tuition arrangements must be approved by the principal or pastor.

6. Accounting for Grants, Scholarships and Other Tuition Discounts

Grants, scholarships and other tuition discounts awarded to students need to be recognized and reported separately on the school's Statement of Activities (Profit & Loss Statement). The proper way to present the discounted amount is to show both the gross tuition and the tuition discount in the revenue section of the Statement of Activities. The tuition discount would be shown as a contra-revenue account.

Scholarships can be awarded using school fundraising income and excess operating income.

Awarding of grants, scholarships and other tuition discounts must be approved by the pastor or principal.

7. Delinquent Tuition

The school shall have a consistent, stated policy detailing how financial delinquency will be handled and this policy should be included in the tuition agreement form used by the school. At a minimum the stated school policy shall provide for warnings with appropriate time periods and appropriate collection techniques.

The school shall make this written policy known to all its parents in the Parent Student Handbook and bring delinquency to the attention of parents well before decisive action is to be taken.

The school shall establish its own method of reviewing individual cases and accommodating families with legitimate economic hardship. This process should include at least the pastor, the principal and the School Finance Committee.

8. Human Resources

See the Diocese of Burlington Catholic School's Office Policy and Regulations Manual for Catholic Schools, Series 4000 Human Resources for policies.

XV. POLICY SUB-SECTIONS

<u>Policy Number</u>	<u>Subject</u>
PA0001	Payroll Taxes for Foreign Priests
PA0002	UPMIFA- Uniform Prudent Management Of Institutional Funds Act
PA0003	Restricted Net Assets
PA0004	Fixed Assets
PA 0005	Parish Organizations
PA0006	Bingo
PA0007	Parish Procedures for Gifts of Securities
PA0008	Parish Tax Issues-Unrelated Business Income
PA0009	Tamper Evident Bag Procedures

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Payroll Taxes for Foreign Clergy Practices	Policy Number PA0001
	Section: Parish Financial Services
	Sub-Section: Taxes for Foreign Clergy
	Date: March 5, 2010

INTRODUCTION

As an employee of a parish within the Roman Catholic Diocese of Burlington, foreign clergy must pay social security and Medicare taxes if considered a “resident alien”.

Foreign clergy are considered “resident aliens” of the United States for tax purposes if they meet the substantial presence test for the calendar year (January 1 – December 31). To meet this test, you must be physically present in the United States on at least:

1. 31 days during the current year, and
2. 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - All the days you were present in the current year, and
 - 1/3 of the days you were present in the first year before the current year, and
 - 1/6 of the days you were present in the second year before the current year.

To assist in the substantial presence test, following is Figure 1-A – Nonresident Alien or Resident Alien? obtained from *Publication 519, U.S. Tax Guide for Aliens* issued by the Department of Treasury, Internal Revenue Service:

Approved by: Finance Department	Original Effective Date: March 5, 2010	Revision no: 1	Page: 1 of: 3
------------------------------------	---	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Payroll Taxes for Foreign Clergy Practices

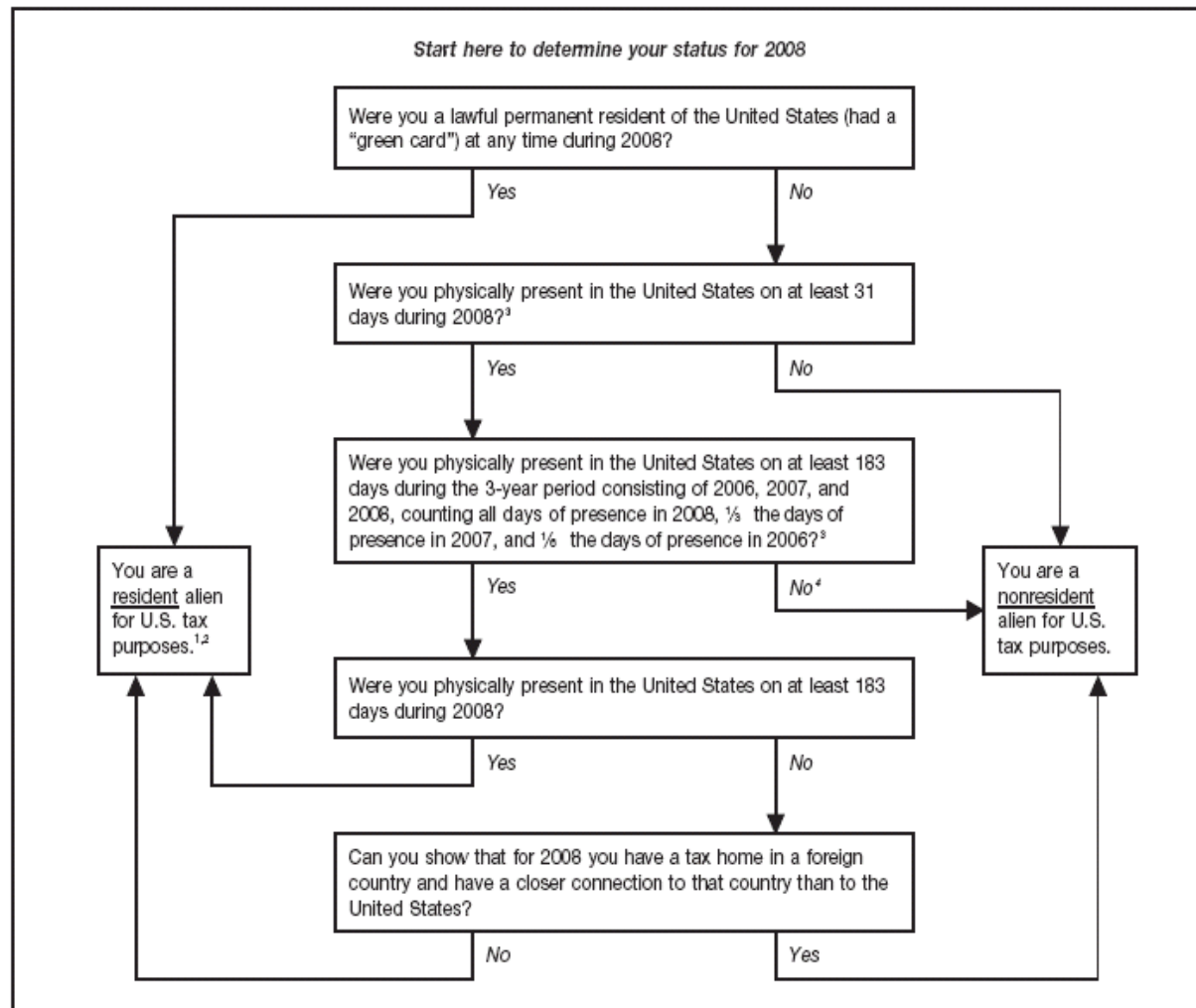
Policy Number PA0001

Section: Parish Financial Services

Sub-Section: Taxes for Foreign Clergy

Date: March 5, 2010

Figure 1-A. **Nonresident Alien or Resident Alien?**



¹ If this is your first or last year of residency, you may have a dual status for the year. See *Dual-Status Aliens* in chapter 1.

² In some circumstances you may still be considered a nonresident alien under an income tax treaty between the U.S. and your country. Check the provisions of the treaty carefully.

³ See *Days of Presence in the United States* in this chapter for days that do not count as days of presence in the United States.

⁴ If you meet the substantial presence test for 2009, you may be able to choose treatment as a U.S. resident alien for part of 2008. For details, see *Substantial Presence Test* under *Resident Aliens* and *First-Year Choice* under *Dual-Status Aliens* in chapter 1.

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Payroll Taxes for Foreign Clergy Practices	Policy Number PA0001
	Section: Parish Financial Services
	Sub-Section: Taxes for Foreign Clergy
	Date: March 5, 2010

Policy

Payroll for foreign clergy will be processed by the parish using the assigned diocesan payroll vendor. This program will calculate the payroll, payroll deductions and net check amount. Through this program, the payroll vendor will produce the payroll check and/or direct deposit the net check amount. Before processing a foreign priest's paperwork, contact the Office of Vicar General to understand the particular agreement made between the priest and the Diocese of Burlington.

Procedure

- a. Foreign Diocesan priests are "dual-status" employees:
 - For federal and state income tax purposes, foreign priests are employees. Their wages are reported on Form W-2 and they pay federal and state income taxes on their wages. A foreign priest may elect to have federal and state income taxes withheld from his wages.
 - For social security and Medicare purposes, Foreign Diocesan priests are self-employed and therefore must pay self-employment tax on their wages. This tax cannot be withheld from their wages through payroll. Rather, the priest pays it himself in the form of an estimated tax payment, usually quarterly.
 - If the priest elects to have federal and state income taxes withheld, then he can increase the amount of federal income tax withheld to cover the social security and Medicare tax liability and not pay quarterly estimated tax payments.
 - If a foreign clergy does not meet the substantial presence test results and is considered a "nonresident alien", please refer to *Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens*, for assistance in completing Form W-4 properly.
- b. Members of Religious Communities:
 - Those who have taken a vow of poverty are not subject to income tax on wages, fees or other compensation paid to the religious community for their services.
 - The checks for payment must be made payable to the Religious Order, not the individual religious or priest.
 - The parish does not need to prepare either a Form W-2 or a 1099 MISC in these cases.

Approved by: Finance Department	Original Effective Date: March 5, 2010	Revision no: 1	Page: 3 of: 3
------------------------------------	---	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: UPMIFA – Uniform Prudent Management of Institutional Funds Act	Policy Number PA0002
	Section: Parish Financial Services
	Sub-Section: UPMIFA
	Date: April 15, 2010

INTRODUCTION

Generally Accepted Accounting Principles (GAAP) require net assets associated with endowment funds to be classified and reported based on the existence or absences of donor-imposed restrictions.

INTERPRETATION OF THE LAW

Effective on May 5, 2009, the State of Vermont enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Trustee of the parish/school interprets this as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, permanently restricted net assets are classified as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to be permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Trustee of the parish/school considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) general economic conditions;
- 2) the possible effect of inflation or deflation;
- 3) the role that each investment or course of action plays within the overall investment portfolio of the fund;
- 4) the expected total return from income and the appreciation of investments;
- 5) other resources of the organization;
- 6) the needs of the organization and the fund to make distributions and preserve capital; and
- 7) an asset's special relationship or special value, if any, to the charitable purposes of the organization.

Approved by: Finance Department	Original Effective Date: June 22, 2010	Revision no: 1	Page: 1 of: 3
------------------------------------	---	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: UPMIFA – Uniform Prudent Management of Institutional Funds Act	Policy Number PA0002
	Section: Parish Financial Services
	Sub-Section: UPMIFA
	Date: April 15, 2010

PURPOSE

This policy is intended to assist parishes and schools in complying with UPMIFA and to provide guidance on prudent management and investment, expenditures and release or modification of restrictions.

Prudent Management & Investment

UPMIFA requires, in addition to identifying factors that must be considered in making management and investment decisions, the charity and management to:

- 1) give primary consideration to donor intent as expressed in a gift instrument;
- 2) act in good faith, with the care an ordinarily prudent person would exercise;
- 3) incur only reasonable costs in investing and managing charitable funds;
- 4) make a reasonable effort to verify relevant facts;
- 5) make decisions about each asset in the context of the portfolio of investments, as part of an overall investment strategy;
- 6) diversify investments unless, due to special circumstances, the purposes of the fund are better served without diversification;
- 7) dispose of unsuitable assets; and
- 8) in general, develop an investment strategy appropriate for the fund and the charity.

Donor Intent with Respect to Endowments

The Act requires that the original intent, when clearly expressed in a written gift instrument, is followed by management. When the donor does not clearly express the intent, UPMIFA directs the management to spend an amount that is prudent and consistent with the purposes of the fund given the relevant economic factors and the donor's intent that the fund continue in perpetuity.

Retroactivity

UPMIFA applies retroactively to funds created before and after enactment of UPMIFA.

Approved by: Finance Department	Original Effective Date: June 22, 2010	Revision no: 1	Page: 2 of: 3
------------------------------------	---	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: UPMIFA – Uniform Prudent Management of Institutional Funds Act	Policy Number PA0002
	Section: Parish Financial Services
	Sub-Section: UPMIFA
	Date: April 15, 2010

Endowment Spending

UPMIFA eliminates the concept of “historic dollar value”. It permits an organization to appropriate for expenditure or accumulate as much of an endowment fund’s appreciation and income (dividends and interest) as the organization determines is prudent. The organization should consider the following factors:

- 1) the duration and preservation of the endowment fund;
- 2) the purposes of the institution and the endowment fund;
- 3) general economic conditions;
- 4) the possible effects of inflation or deflation;
- 5) the expected total return from income and the appreciation of investments;
- 6) other resources of the institution; and
- 7) the investment policy of the institution.

Underwater Investments

Underwater investments are investments that the current market value is less than the amount required to be maintained as donor restricted net assets. The investment loss is to be recorded as temporarily restricted or unrestricted activity and not as a decrease in the permanently restricted net asset.

Modification of Restriction on Charitable Funds

Sometimes a restriction imposed by a donor may become impracticable, wasteful or may impair the management of a fund. The donor may consent to release the restriction. If the donor is not available, the organization can request court approval of a modification of the restriction. An organization is allowed to modify a restriction on small, older funds without going to court 60 days after notification to the attorney general if:

- 1) the institutional fund subject to the restriction has a total value of less than \$50,000;
- 2) more than 20 years have elapsed since the fund was established; and
- 3) the institution uses the property in a manner consistent with the charitable purposes expressed in the gift instrument.

Approved by: Finance Department	Original Effective Date: June 22, 2010	Revision no: 1	Page: 3 of: 3
------------------------------------	---	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Restricted Net Assets	Policy Number PA0003
	Section: Parish Financial Services
	Sub-Section: Restricted Net Assets
	Date: September 30, 2010

INTRODUCTION

The Financial Accounting Standards Board has issued *FAS117: Financial Statements of Not-for-Profit Organizations* which establishes standards for the accounting of not-for-profit organizations. Included in *FAS117* is guidance for the accounting of restricted net assets whereby funds received by a parish, which are restricted for a specific use or time, must be classified as either temporarily or permanently restricted net assets. These funds are typically received by special collections, donations or bequests.

POLICY

Funds received by the parish must be recorded as revenue to the parish. Additionally, if the funds received by special collection, donation or bequest are for a specific purpose, they must be reflected in the net asset section of the Statement of Financial Position (Balance Sheet) report as either a temporarily or permanently restricted net asset. Funds designated by the Finance Council for a specific purpose are included in unrestricted net assets.

Restricted funds must be deposited into a separate certificate of deposit, money market or investment account, separate from any other parish operating or savings accounts.

DEFINITIONS

Temporarily Restricted Net Assets:

Funds received by a not-for-profit organization whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by action of the organization pursuant to those stipulations, i.e. funds are to be used for a specific purpose.

Permanently Restricted Net Assets:

Funds received by a not-for-profit organization whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization but stipulations permit the organization to use up or expend part or all of the income derived from the donated assets.

Unrestricted Net Assets:

Net assets of a not-for-profit organization that are neither permanently nor temporarily restricted by donor-imposed stipulations.

Approved by: Finance Department	Original Effective Date: November 1, 2010	Revision no: 1	Page: 1 of: 3
------------------------------------	--	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Restricted Net Assets	Policy Number PA0003
	Section: Parish Financial Services
	Sub-Section: Restricted Net Assets
	Date: September 30, 2010

PROCEDURE

- Upon receipt of a bequest, the Finance Council along with the pastor must review and interpret the documents provided.
- Proper documentation from the donor must be retained in the parish files and a copy provided to the Diocesan Finance Office for a bequest.
- The Finance Council along with the pastor should determine how the funds should be invested and a separate savings/investment account is to be established.
- Capital Campaign contributions, which are approved by the Bishop, are received by a donation or a special collection and are not subject to Diocesan Quarter Tax.
- Set up new account numbers in QuickBooks using the designated Chart of Accounts for the new savings/investment account in the asset section and the restricted net asset in the net asset section of the Statement of Financial Position report.
- The deposit will be recorded as a debit to the newly established savings/investment account number and a credit to the appropriate income account (temporarily or permanently restricted revenue).

Account #	Description	Debit	Credit
1010/1400	Savings/Investment Account	XXX	
7000/8000	Temporarily or Permanently Restricted Revenue		XXX

The temporarily or permanently restricted revenue account will close out to retained earnings at the end of the year therefore an entry to reclass the total temporarily or permanently restricted revenue out of retained earnings must be recorded as follows:

Account #	Description	Debit	Credit
1310	Retained Earnings	XXX	
3200/3300	Temporarily or Permanently Restricted Net Assets		XXX

Approved by: Finance Department	Original Effective Date: November 1, 2010	Revision no: 1	Page: 2 of: 3
------------------------------------	--	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Restricted Net Assets	Policy Number PA0003
	Section: Parish Financial Services
	Sub-Section: Restricted Net Assets
	Date: September 30, 2010

- Income from temporarily or permanently restricted funds should be deposited into the operating account, if unrestricted, for use in everyday operations of the parish.
- The permanently restricted net asset balance will never change over time since the original value of the gift must be preserved.
- The savings/investment account should have the same balance as the restricted net asset account whether temporarily or permanently restricted.
- Temporarily restricted funds, when used in accordance with the donor-imposed stipulations, are recorded to either an expense or fixed asset, depending on the type of expenditure. Additionally, the following entry needs to be recorded to released the funds from restriction:

Account #	Description	Debit	Credit
7041	Funds Released from Restrictions(Temporarily Restricted)	XXX	
7040	Funds Released from Restrictions(Temporarily Restricted)		XXX
3200	Temporarily Restricted Net Assets	XXX	
3010	Retained Earnings		XXX

Approved by: Finance Department	Original Effective Date: November 1, 2010	Revision no: 1	Page: 3 of: 3
------------------------------------	--	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Fixed Assets	Policy Number PA0004
	Section: Parish Financial Services
	Sub-Section: Fixed Assets
	Date: September 30, 2010

INTRODUCTION

Generally Accepted Accounting Principles (GAAP) require the reporting of fixed assets in the parish financial statements. Parish fixed assets are property, buildings, building improvements, vehicles, machinery, equipment, and all other assets that are used in operations and have an initial useful life extending beyond a single reporting period.

Management uses its discretion in how it applies the GAAP requirements for reporting fixed assets as far as capitalization thresholds for different fixed asset classes and the method to be used to calculate depreciation expense and the estimated useful lives of its fixed assets. Whenever practical to do so, this policy utilizes the guidance provided in authoritative literature to provide guidance in estimated useful lives.

POLICY

This policy is intended to assist the parishes of the Diocese in complying with fixed asset financial reporting required by GAAP. Specifically, it establishes the dollar value (capitalization threshold) at which the parishes will capitalize assets that are used in operations and have an estimated useful life extending beyond one reporting period.

Fixed assets that do not meet the capitalization threshold are expensed in the year of acquisition. It also provides specific guidance for determining the estimated useful life of an asset that, together with the value of the fixed asset and its salvage value (if any), provide the basis for the calculation and recording of depreciation expense.

FIXED ASSET CLASSES

Each individual fixed asset shall be classified as land, building, building improvement, vehicle, or machinery/equipment, for the purpose of determining whether the asset is to be reported in the financial statements (capitalized) or expensed.

Approved by: Finance Department	Original Effective Date: November 1, 2010	Revision no: 1	Page: 1 of: 3
------------------------------------	--	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Fixed Assets	Policy Number PA0004
	Section: Parish Financial Services
	Sub-Section: Fixed Assets
	Date: September 30, 2010

CAPITALIZATION THRESHOLD

Whenever the value of an individual fixed asset, as determined by the application of GAAP, is equal to or greater than the capitalization threshold of \$5,000, the fixed asset is capitalized. Fixed assets may be acquired through donation, purchased, or may be self constructed. The cost of donated assets is the fair market value at the time of donation. The cost of assets that have been purchased will be the initial acquisition price plus the trade-in value of any asset given up, plus all costs related to placing the asset into operation. The cost of self-constructed assets includes all costs of construction.

ESTIMATED USEFUL LIFE

Estimated useful life means the estimated number of months or years that an asset will be able to be used for the purpose for which it was purchased. In determining the estimated useful life to assign a given asset from the range of years provided, the following elements should be taken into consideration: general guidelines from professional organizations, experience, internal information, quality, intended use, and how long it is expected to meet service demands.

DEPRECIATION METHOD

Fixed assets will be depreciated using the straight-line method. Under this method, the depreciable cost of the fixed asset is written off evenly over the useful life of the asset. The depreciable cost of a fixed asset is its historical cost/acquisition value reduced by the estimated salvage value. Salvage value is the value it is expected to have when it is no longer useful for its intended purpose. Land is classified as a fixed asset but it is never depreciated since land is assumed to have an unlimited useful life.

Approved by: Finance Department	Original Effective Date: November 1, 2010	Revision no: 1	Page: 2 of: 3
------------------------------------	--	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Fixed Assets	Policy Number PA0004
	Section: Parish Financial Services
	Sub-Section: Fixed Assets
	Date: September 30, 2010

FIXED ASSET AND DEPRECIATION POLICY SUMMARY

Asset Classification	Capitalization Threshold	Estimated Useful Life	Depreciation Method
Land	\$5,000	N/A	N/A
Buildings	\$5,000	40 years	Straight-line
Building Improvements	\$5,000	5 - 40 years	Straight-line
Vehicles	\$5,000	5 years	Straight-line
Machinery / Equipment	\$5,000	5 - 10 years	Straight-line

PROCEDURE

- The payment for the fixed asset is recorded directly to the asset account on the Statement of Financial Position (Balance Sheet) report.

Account #	Description	Debit	Credit
1300's series	Fixed Asset	XXX	
1000	Operating Cash		XXX

- Determine the useful life and fixed asset class: land, building, building improvements, vehicle or machinery/equipment.
- Add the fixed asset to the Fixed Asset List in QuickBooks. This list becomes a permanent detailed record for each fixed asset.
- Depreciation begins on the month in which the fixed asset is purchased or placed into operation (completion of building improvements).
- Depreciation is recorded monthly until the asset is fully depreciated and is set up as memorized transaction as follows:

Account #	Description	Debit	Credit
5601	Depreciation Expense	XXX	
13__-99	Accumulated Depreciation		XXX

Approved by: Finance Department	Original Effective Date: November 1, 2010	Revision no: 1	Page: 3 of: 3
------------------------------------	--	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Parish Organizations	Policy Number PA0005
	Section: Parish Financial Services
	Sub-Section: Parish Organizations
	Date: November 22, 2010

INTRODUCTION

Parish organizations are essential to the life of any parish. They are one of the best ways to involve the laity in the various catechetical, charitable and social ministries of the Catholic Church. There is a common misunderstanding among many members of parish organizations that they are stand-alone entities. Any organization that uses the name or Employer Identification Number (EIN) of the parish operates under the presumption of tax-exempt status and, as such, is under the direction and control of the pastor.

POLICY

This policy is intended to assist the parishes of the Diocese in establishing policies for handling the finances of parish organizations. Organizations that typically use the parish EIN are schools, cemeteries, Ladies of St. Anne and other parish groups that are not a national organization. National Organizations including the Knights of Columbus, Catholic Daughters, and Boy Scouts have their own EIN and 501(c)(3) status and should not be included in the parish financial statements.

An organization that is independent of the parish must not use the parish name, EIN or give the presumption that they are a part of the parish. Independent organizations are required to have a unique EIN and file the appropriate request with the Internal Revenue Service for independent 501(c)(3) status.

FINANCES

All parish organization assets, liabilities and financial activity must be recorded in the parish's financial accounting system and must comply with the *Parish Finance and Administrative Manual, 2013*. Assets which use the name or EIN of the parish are the property of the parish and the following shall apply:

- Bank statements must be mailed to the parish office;
- The organizations bank account should be a savings/money market account;
- Deposits can be made into the savings account;

Approved by: Finance Department	Original Effective Date: November 22, 2010	Revision no:	Page: 1 Of 2:
------------------------------------	---	--------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Parish Organizations	Policy Number PA0005
	Section: Parish Financial Services
	Sub-Section: Parish Organizations
	Date: November 22, 2010

- Invoices will be paid through the parish checking account and the funds are transferred from the parish organization account to cover the expenses; and
- The pastor must be the signer on all parish and parish organization bank accounts.

REPORTING

All expenses and revenues for the parish organization should be marked with a unique class within the accounting system.

PROCEDURE

- Funds received should be counted and deposited into the bank as soon as possible.
- Copies of the all deposit slips and bank receipts should be provided to the parish bookkeeper.
- All invoices should be sent to the parish office for approval and payment. Requests for expense reimbursements must be submitted for approval with a receipt showing what was purchased and where it was purchased.
- Bank account should be reconciled by the parish bookkeeper.
- Financials reports should be sent to the treasurer.

Approved by: Finance Department	Original Effective Date: November 22, 2010	Revision no:	Page: 2 Of 2:
------------------------------------	---	--------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Bingo	Policy Number PA0006
	Section: Parish Financial Services
	Sub-Section: Bingo
	Date: January 3, 2012

INTRODUCTION

All parishes operating bingo must be in compliance with Federal and State laws and statutes. The procedures outlined in the *Parish Finance & Administrative Manual, 2013* must be followed if bingo is operated by the parish or a parish organization. This includes, but is not limited to, *Chapter VII - Cash Receipts, Chapter VIII - Fundraising, Chapter X – Cash Disbursements and Chapter XI – Parish Record Retention Policy.*

This policy is intended to assist parishes and parish organizations in complying with Vermont laws concerning gambling and break open tickets.

INTERPRETATION OF THE LAW

Vermont's laws concerning gambling and break open tickets can be found at *13 V.S.A. Chapter 51* and *32 V.S.A. Chapter 239*. The following is a brief summary of those laws. The full summary of the law is attached to the policy (Attachment 1).

What are the gambling laws?

- Professional gambling is illegal in Vermont.
- The purpose of gambling laws is to ensure that only nonprofit organizations operate games of chance to ensure that the proceeds from the games go to charity.
- All funds raised by a nonprofit organization, except for the prizes and certain expenses specifically allowed by statute, must be used for charitable, educational, religious, or civic undertakings.
- Special rules apply to the sale of break-open tickets.

Who may operate games of chance?

- Only bona fide nonprofit organizations that have engaged in charitable, educational, religious or civic activities in Vermont may operate games of chance.
- Bona fide nonprofits include nonprofit corporations that qualify for tax exempt status under federal law (501 (c) status) churches, schools, fire departments, municipalities, fraternal organizations and agricultural fairs.

What types of gambling are allowed?

- The gambling law allows nonprofits to operate games of chance like Calcutta nights, raffles, bingo, card games and “break-open” tickets.

Approved by: Finance Department	Original Effective Date: February 13, 2012	Revision no:	Page: 1 of 3
---------------------------------	--	--------------	--------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Bingo	Policy Number PA0006
	Section: Parish Financial Services
	Sub-Section: Bingo
	Date: January 3, 2012

What prizes are allowed?

- As a general rule, prizes are limited to \$400 per game.
- A \$1,000 prize may be offered at one game each day.
- A \$5,000 prize may be offered once a month.

Exception:

- A nonprofit organization may exceed the prize limitations four days per year, so long as the days are at least 20 days apart.
- The total prize money offered for all games on that day must not be more than \$20,000.

What expenses are allowed?

- The law allows nonprofit organization to rent a hall for a gambling event and to pay a reasonable rent.
- The law allows payments for equipment and for advertising, so long as these expenses are reasonable.
- Prizes and payments to employees (within limits) may also be paid from gambling proceeds.
- All remaining proceeds must be used for benevolent purposes.

Can nonprofits pay employees to operate the games?

- Most nonprofits organizations rely on volunteers. However:
- A nonprofit may spend up to \$15,000 a year to pay all persons engaged in any way to organize or execute games of chance.
- No individual can earn more than \$2,000 per year working at gambling events, no matter how many nonprofit organizations the person works for.

How often can bingo, lottery and raffle events be held?

- An organization may hold games twice a week.
- Nonprofits can operate games on three consecutive days twice a year, so long as there are at least 90 days between each three-day event.
- Generally, the same location cannot be used for gambling activities more than twice a week. However, nonprofits in existence on January 1, 1994 can share a location and each may use it twice a week for ordinary gambling events.

Approved by: Finance Department	Original Effective Date: February 13, 2012	Revision no:	Page: 2 of: 3
---------------------------------	--	--------------	---------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Bingo	Policy Number PA0006
	Section: Parish Financial Services
	Sub-Section: Bingo
	Date: January 3, 2012

Are there any restrictions on gambling?

- Convicted felons cannot organize or execute a gambling event.
- Minors can work on the site - - for example, selling food and drinks - - but cannot work the games.
- No one can work and gamble at the same event.

What are the reporting requirements?

- Nonprofits not required to file 990 or 990T forms must file State form B-3 on or before June 15 for the previous calendar year if they have gambling gross receipts of more than \$10,000. Forms are available from the State tax department.

What are the penalties for violating the gambling laws?

- Penalties range up to \$100,000 and three years in jail for serious offenses.

Is there a licensing or advance approval requirement to operate and execute games of chance to conduct gambling events for nonprofit?

- There are no licensing requirements to operate any of these games in Vermont. However, the applicable statutes concerning the operation and execution of these games should be reviewed perhaps with a private attorney to ensure compliance with all laws.

Where can additional information be found?

- The gambling statutes are in Title 13, Chapter 51 of the Vermont Statutes Annotated. The break-open ticket statutes are in Title 32, Chapter 239.

Approved by: Finance Department	Original Effective Date: February 13, 2012	Revision no:	Page: 3 of: 3
---------------------------------	--	--------------	---------------

The Vermont Statutes Online

Title 13: Crimes and Criminal Procedure

Chapter 51: GAMBLING AND LOTTERIES

§ 2101. Setting up, promoting or aiding

Except as provided in section 2143 of this title, a person who sets up or promotes a lottery for money or other property, or disposes of money or property by a lottery, and a person aiding or concerned in so doing, or who knowingly allows premises owned or occupied by him or her or under his or her control to be used for that purpose, or by persons raffling or using a game of chance for money or property, shall be imprisoned not more than one year or fined not more than \$10,000.00, or both, for the first offense and imprisoned not more than three years or fined not more than \$10,000.00, or both, for each subsequent offense. (Amended 1993, No. 183 (Adj. Sess.), § 4.)

§ 2102. Disposing of property by way of chance

Except as provided in section 2143 of this title, a person who sells or disposes of property by way of chance or, as an inducement to the sale of property, gives the purchaser or any other person other property to be drawn by way of chance or lottery shall be imprisoned not more than one year or fined not more than \$10,000.00, or both, for the first offense and imprisoned not more than three years or fined not more than \$10,000.00, or both, for each subsequent offense. (Amended 1993, No. 183 (Adj. Sess.), § 5.)

§ 2102a. Affirmative defense

It shall be an affirmative defense to a charge under section 2101 or 2102 of this title that the person charged complied with the provisions of section 2143 of this title. (Added 1993, No. 183 (Adj. Sess.), § 6.)

§ 2103. Lottery tickets

(a) A person shall not:

(1) Sell a lottery ticket or an interest therein, or a paper purporting to be a lottery ticket or an interest therein;

(2) Open or keep an office, shop or store for the purpose of selling or procuring a lottery ticket or paper or an interest therein;

(3) Act as a broker or agent in buying, selling or procuring to be bought or sold or disposed of in any way such ticket or interest therein, or in effecting or in endeavoring to effect a contract in regard thereto;

(4) Set up, exhibit or publish or cause to be set up, exhibited or published within this

state written, printed or electronically communicated proposals to buy, sell or procure such ticket or interest therein.

(b) A person violating a provision hereof shall be fined not more than \$300.00.

(c) For purposes of this section, no internet service provider or provider of internet transport facilities shall be liable solely as a result of use of its facilities by a third party for a prohibited use without the provider's actual knowledge or express consent. (Amended 1999, No. 124 (Adj. Sess.), § 6.)

§§ 2131 Repealed. 1961, No. 185, § 7.

§ 2132. Repealed. 1979, No. 152 (Adj. Sess.).

§ 2133. At gaming house

A person who plays at cards, dice, tables or other game for money or other valuable in a common gaming or gambling house that is maintained for lucre and gain, shall be fined not more than \$200.00 or imprisoned not more than 60 days, or both.

§ 2134. Keeping gambling instrument

A person who has or keeps on premises owned or occupied by him or her implements or other things used in gambling and permits persons resorting to such premises to use such implements or things for the purpose of gambling shall be imprisoned not more than six months nor less than 10 days or fined not more than \$500.00 nor less than \$10.00, or both.

§ 2135. Gambling machines-Sale, lease or rental

(a) A person, corporation, copartnership or association shall not lease, rent, let on shares, sell, expose for sale or offer for sale:

(1) A machine, apparatus or device, into which may be inserted a piece of money or other object, and from which, as a result of such insertion and the application of physical or mechanical or electrical force, may issue with or without gum or confection, a piece of money, or slug, or a token, or a check or memoranda calling for money, credit or merchandise or property; or

(2) A coin or slot machine, pinball machine, racing machines or other device of like character, wherein there enters any element of chance, whether the same be played for money, checks, credits, merchandise or other thing representative of value; or

(3) A machine or device of any kind or nature by the use or operation of which there is an element of chance for the winning or losing of money or other things of value.

(b) The provisions of this chapter shall not apply to slot machines which were manufactured prior to 1954 and which are not operated for gambling purposes. (Amended 1985, No. 100 (Adj. Sess.), eff. Feb. 5, 1986.)

§ 2136. Possession

A person shall be punished as provided in section 2139 of this title who has in his or her possession, or under his or her control, or who permits to be placed, maintained or kept in a place of public resort or in premises occupied by him or her, or under his or her management or control a machine, apparatus or device as mentioned in section 2135 of this title.

§ 2137. Seizure; hearing

A sheriff, deputy sheriff, constable or police officer shall seize without a warrant any machine or device described in sections 2134 and 2135 of this title, found in a place of public resort. A sheriff or other officer making such a seizure shall forthwith make a complaint under oath, subscribed by him or her, to a district judge in the county in which such seizure is made and shall summon the owner or occupant of the place in which such seizure is made to appear before such court and show cause why such machine should not be destroyed. (Amended 1965, No. 194, § 10, operative February 1, 1967; 1973, No. 249 (Adj. Sess.), § 45, eff. April 9, 1974.)

§ 2138. Destruction

If, upon hearing, it is found that such machine was seized in a place of public resort, or was seized in any place by reason of a search warrant lawfully issued, the same shall be ordered destroyed and all money or other contents thereof forfeited to the state. The court shall issue its warrant to carry such order into effect.

§ 2139. Penalties

An association, copartnership, corporation or person who violates a provision of sections 2135-2138 of this title shall be fined not more than \$100.00 or be imprisoned not more than six months, or both.

§ 2140. Repealed. 1973, No. 249 (Adj. Sess.), § 111, eff. April 9, 1974.

§ 2141. Winning or losing by gambling

A person who wins or loses money or other valuable thing by play or hazard at any game, or by betting on such play or hazard, or sharing in a stake wagered by others on such play or hazard, shall be fined not more than \$200.00 nor less than \$10.00.

§ 2142. Repealed. 1979, No. 152 (Adj. Sess.).

§ 2143. Nonprofit organizations

(a) Notwithstanding the provisions of this chapter, a nonprofit organization, as defined in subdivision 10201(5) of Title 32, may organize and execute, and an individual may participate in lotteries, raffles or other games of chance for the purpose of raising funds to be used in charitable, religious, educational and civic undertakings or used by fraternal organizations to provide direct support to charitable, religious, educational, or civic undertakings with which they are affiliated. Except as provided in subsection (d) of this section, gambling machines and other mechanical devices described in section 2135 of this title shall not be utilized under authority of this section.

(b) A nonprofit organization may, notwithstanding the provisions of Title 7, distribute or utilize alcoholic beverages as prizes, rewards, winnings in any lottery, raffle or other game of chance.

(c) A person shall not conduct a bingo game in which the numbers picked are communicated electronically or by satellite to players at another location.

(d) Casino events shall be limited as follows:

(1) A location may be the site of no more than:

(A) one casino event in any calendar quarter; or

(B) three casino events in any calendar year, as long as there are at least 15 days between each event.

(2) A location that is owned by a nonprofit, as defined in 32 V.S.A. § 10201(5), may be the site of no more than three casino events in any calendar quarter and no more than 12 casino events in any calendar year as long as there are at least 15 days between each event.

(3) A nonprofit organization, as defined in 32 V.S.A. § 10201(5), may organize and execute no more than:

(A) one casino event in any calendar quarter; or

(B) three casino events in any calendar year, as long as there are at least 15 days between each event.

(4) For the purposes of this subsection, "casino event" means an event held during any 24-hour period at which any game of chance is conducted except those prohibited by 13 V.S.A. § 2135(a)(1) or (2). A "casino event" shall not include a fair, bazaar, field days, agricultural exposition or similar event which utilizes a wheel of fortune, chuck-a-luck or other such games commonly conducted at such events, or break-open tickets, bingo, a lottery or a raffle.

(e) Games of chance shall be limited as follows:

(1) All proceeds raised by a game of chance shall be used exclusively for charitable, religious, educational and civic undertakings after deducting:

(A) reasonable expenses, as determined by fair market value, of purchasing or renting materials and equipment used for the game of chance and of printing advertisements, and of the direct purchase of advertising through established media, such as newspapers, radio and television; and

(B) reasonable expenses, as determined by fair market value, for rent for the premises on which the game of chance is executed, except that rent paid prior to August 1, 1994, pursuant to a written lease in effect on June 1, 1994, and not subject to cancellation, may be deducted, whether or not such rent is reasonable, and repairs and upkeep to the premises for nonprofit organizations having ownership in premises; and

(C) prizes awarded to players as limited in subdivision (4) of this subsection; and

(D) payments to persons as limited in subdivision (2) of this subsection.

(2) A nonprofit organization that organizes and executes a game of chance shall not pay any person, and no person shall receive, any fee, commission, wage, salary, reward, tip, donation or other compensation in excess of \$2,000.00 in any calendar year for organizing or executing games of chance or for working at the site of a game of chance. Refreshments or meals provided to a volunteer while working at the site shall not be considered compensation. Notwithstanding the provisions of this subdivision, a nonprofit organization that organizes and executes games of chance may pay not more than \$15,000.00 in any calendar year, in the aggregate, to all persons for organizing, executing or working at a game of chance. In calculating the limitations on payments to persons contained in this subdivision, only that portion of a person's compensation attributable to gaming shall be considered.

(3) A nonprofit organization shall not permit any person who has not attained the age of majority to organize or execute a game of chance. A person who has not reached the age of majority may work performing services at a game of chance which are not related to the execution of the game of chance.

(4) A nonprofit organization may offer a prize worth not more than \$400.00 in value for a single game of chance, except that the nonprofit organization may offer a prize worth not more than \$1,000.00 in value for one game per day, a prize worth not more than \$5,000.00 in value for one game per calendar month and a prize of a motor vehicle, firearm, motorcycle or watercraft worth not more than \$50,000.00 for one game per calendar year. A nonprofit organization may exceed the above prize limitations on four days per calendar year, if the days are at least 20 days apart and the total prize money offered for all games executed on the day does not exceed \$20,000.00.

(5) A nonprofit organization shall not permit a person who organizes, executes or works at a game of chance to play in any game of chance organized or executed by that nonprofit on the same day.

(6) A nonprofit organization shall not organize and execute games of chance on more than two days in any calendar week, nor shall games of chance be organized and executed at any location on more than two days in any calendar week, except that:

(A) Casino events may be conducted only as permitted under subsection (d) of this section.

(B) Break-open tickets may be purchased and distributed only as provided in 32 V.S.A. chapter 239.

(C) A nonprofit organization may organize and execute games of chance on three consecutive days not more than twice in any calendar year as long as there are at least 90 days between each event.

(D) Agricultural fairs qualified to receive a state stipend pursuant to 31 V.S.A. § 617 may organize and execute games of chance for not more than 12 consecutive days

during the fair once each calendar year.

(E) A nonprofit organization may organize and execute games of chance at a location used by another nonprofit organization which results in the location being used on more than two days a week if all the nonprofit organizations using the location were in existence as of January 1, 1994, and are not affiliated with each other or under common control.

(7) A nonprofit organization shall not knowingly permit any person who has been convicted of a crime, within the last 10 years, under the laws of this state or of any other state, government or country which, if committed in this state, would be a felony criminal offense to organize or execute a game of chance. No person who has been convicted of such a crime shall organize or execute a game of chance.

(f) A nonprofit organization which organizes and executes a game of chance under subsection (a) of this section shall file financial reports with the commissioner of taxes as follows:

(1) For a nonprofit organization that is required to file federal tax forms 990 or 990T, or both, copies of those forms within 30 days of the filing date required by the Internal Revenue Service.

(2) For a nonprofit organization that has raised more than \$10,000.00 during the preceding year from organizing and executing games of chance and is not required to file federal tax forms 990 or 990T, a financial report for the preceding year, by June 15 of each year, which contains all the following information:

(A) An itemized list of all expenditures made for purchasing or renting materials and equipment used for games of chance and of printing advertisements, and of the direct purchase of advertising through established media, such as newspapers, radio and television.

(B) An itemized list of all expenditures made to all persons for organizing, executing or working at a game of chance and made for rent for premises on which games of chance are executed.

(C) The amount of all prizes awarded.

(D) An itemized list of all disbursements for charitable, religious, educational and civic undertakings.

(E) An itemized list of all funds raised from organizing and executing games of chance.

(3) For a nonprofit organization that is required to withhold Vermont income taxes from gambling winnings pursuant to 32 V.S.A. § 5841(a), a financial report describing the amounts withheld, within 30 days of the filing date required by the Internal Revenue Service or by June 15 of each year, as applicable.

(4) If the required financial report is not filed within 30 days after the report is due or

does not contain the information required by this subsection, the commissioner of taxes may bring an action in superior court against the nonprofit organization for injunctive relief to restrain the organization and execution of games of chance by that organization. The state shall not be required to demonstrate immediate and irreparable injury in order to be granted injunctive relief.

(g) The commissioner of taxes shall design the financial forms required by subsection (f) of this section and make them available on request.

(h) The commissioner of taxes shall provide the financial reports required by subsection (f) of this section to the attorney general upon request, notwithstanding the provisions of 32 V.S.A. § 3102.

(i) A person who intentionally violates subsection (a) of this section shall be fined not more than \$500.00.

(j) A person who intentionally violates subsection (c), (d), (e) or (f) of this section shall be fined not more than \$10,000.00 for the first offense and fined not more than \$100,000.00 or imprisoned not more than three years, or both, for each subsequent offense.

(k) A nonprofit organization which organizes and executes a game of chance under subsection (a) of this section shall permit its members to examine the financial books and records relating to gambling activities of the organization at any reasonable time and, upon request, shall provide photocopies of these records to its members at cost. (Added 1973, No. 215 (Adj. Sess.), § 2, eff. April 3, 1974; amended 1975, No. 41, § 1, eff. April 15, 1975; 1991, No. 267 (Adj. Sess.), § 1; 1993, No. 183 (Adj. Sess.), §§ 1-3; No. 221 (Adj. Sess.), §§ 33, 34; 2009, No. 16, § 1, eff. May 12, 2009.)

§ 2143a. Political parties

Notwithstanding the provisions of this chapter, a political party, organized under chapter 45 of Title 17, may organize and execute, and an individual may participate in raffles, the proceeds of which are to be used in undertakings consistent with the purpose of political parties. (Added 1983, No. 136 (Adj. Sess.).)

§ 2143b. Contests and sweepstakes

Notwithstanding the provisions of this chapter, a person may organize, execute or participate in a contest or game of chance, including a sweepstakes, provided that persons who enter the contest or game of chance are not required to venture money or other valuable things. The cost of mailing an entry shall not be considered a venture of money or other valuable things. (Added 1989, No. 7.)

§ 2151. Bookmaking; pool selling; off-track wagers

(a) Except as provided under chapter 13 of Title 31, a person shall not

(1) engage in bookmaking or pool selling, except deer pools or other pools in which all of the monies paid by the participants, as an entry fee or otherwise, are paid out to either the winning participants based on the result of the pool or to a nonprofit organization or

event as described in 32 V.S.A. § 10201(5) where the funds are to be used as described in that subdivision, or both;

(2) keep or occupy, for any period of time, any place or enclosure of any kind, with any material for recording any wager, or any purported wager, or selling pools, except as provided in subdivision (1) of this subsection, upon the result of any contest, lot, chance, unknown or contingent event, whether actual or purported;

(3) receive, hold or forward, or purport or pretend to receive, hold or forward, in any manner, any money, thing or consideration of value, or the equivalent or memorandum thereof, wagered, or to be wagered, or offered for the purpose of being wagered, upon such result;

(4) record or register, at any time or place, any wager upon such result;

(5) permit any place or enclosure that the person owns, leases or occupies to be used or occupied for any purpose or in any manner prohibited by subdivisions (1), (2), (3) or (4) of this section;

(6) with the exception of pools as provided in subdivision (1) of this subsection, lay, make, offer or accept any wager, upon such result or contest of skill, speed or power of endurance of human or beast, or between humans, beasts, or mechanical apparatus.

(b) Notwithstanding any provision to the contrary, a public retail establishment, including a holder of a second class license issued under Title 7, may sell raffle tickets on the retail premises for a nonprofit organization that has organized the raffle, provided the raffle is conducted in accordance with section 2143 of this title and that no person is compensated for expenses, as outlined in subdivision 2143(e)(1)(B) of this title. (1961, No. 185, § 1; amended 1983, No. 43, § 2; 1999, No. 33, § 1, eff. May 19, 1999.)

§ 2152. Penalty

A person who violates a provision of section 2151 of this title shall be fined not more than \$250.00 or imprisoned not more than six months or both for the first offense and fined not more than \$2,000.00 or imprisoned not more than five years or both for a subsequent offense. When a person has been convicted in any state of a felony or of a violation of a statute prohibiting bookmaking, his or her conviction under this section shall be considered a subsequent offense. (1961, No. 185, § 2; amended 1971, No. 199 (Adj. Sess.), § 15.)

§ 2153. Racing animals; drugs or devices; false names

A person shall not:

(1) influence, induce or conspire with any owner, jockey, groom or other person associated with or interested in any stable, horse, or race in which a horse participates, or any greyhound dog or race in which a greyhound dog participates, to affect the result of such race by stimulating or depressing a horse or dog through the administration of any drug to such horse or dog, or by the use of any electrical device or any electrical equipment or by any mechanical or other device not generally accepted as regulation racing equipment;

(2) so stimulate or depress a horse or dog;

(3) knowingly enter any horse or dog in any race within a period of 24 hours after any drug has been administered to such horse or dog for the purpose of increasing or retarding the speed of such horse or dog;

(4) transport or use any local anaesthetic of the cocaine group, including but not limited to natural or synthetic drugs of this group, such as allocaine, apothesine, alypine, benzyl, carbinol, butyn, procaine, nupercaine, beta-eucaine, novol or anestubes or the drugs nikethamide or phenylbutazone, or hormones, within the racing enclosure, except upon a bona fide veterinarian's prescription with complete statement of uses and purposes of same on the container. A copy of such prescription shall be filed with the stewards and such substances may be used only with approval of the stewards and under the supervision of the veterinarian representing the racing commission;

(5) except for medicinal purposes, administer any poison, drug, medicine, or other noxious substance to any animal entered or about to be entered in any race or expose any poison, drug, medicine, or noxious substance with intent that it shall be taken, inhaled, swallowed, or otherwise received by any animal with intent to affect its speed, endurance, sense, health, physical condition, or other character or quality, or cause to be taken by or placed upon or in the body of any animal entered or about to be entered in any race any sponge, wood, or foreign substance of any kind, with intent to affect its speed, endurance, sense, health, or physical condition;

(6) wilfully or unjustifiably enter or race any horse in any running or trotting race under any name or designation other than the name or designation assigned to such horse by and registered with the Jockey Club or the United States Trotting Association or wilfully instigate, engage in or in any way further any act by which any horse is entered or raced in any running or trotting race under any name or designation other than the name or designation duly assigned by and registered with the Jockey Club or the United States Trotting Association. (1961, No. 185, § 3; amended 1973, No. 233 (Adj. Sess.), § 12, eff. April 3, 1974.)

§ 2154. Drug defined

The term "drug" includes all substances recognized as having the power of stimulating or depressing the central nervous system, respiration, or blood pressure of an animal, such as narcotics, hypnotics, benzedrine or its derivatives, but shall not include recognized vitamins or supplemental feeds approved by the veterinarian representing the racing commission. (1961, No. 185, § 4.)

§ 2155. Penalty

A person who violates a provision of section 2153 of this title shall be fined not more than \$5,000.00 or imprisoned not more than two years, or both. (1961, No. 185, § 5; amended 1971, No. 199 (Adj. Sess.), § 15; 1981, No. 223 (Adj. Sess.), § 23.)

§ 2156. Touting prohibited; penalty

Any person who knowingly and designedly by false representation attempts to, or does

persuade, procure or cause another person to wager on a horse or dog in a race to be run in this state or elsewhere, and upon which money is wagered in this state, and who asks or demands compensation as a reward for information or purported information given in such case is a tout, and is guilty of toutting and shall be fined not more than \$500.00 or imprisoned not more than one year or both. (1961, No. 185, § 6; amended 1973, No. 233 (Adj. Sess.), § 13, eff. April 3, 1974.)

§ 2171. "Bucket shops"

A person or corporation shall not keep or cause to be kept a "bucket shop," office, store or other place in which it is conducted or permitted the pretended buying or selling of stock or bonds of a corporation, or petroleum, cotton, grain, provisions, pork or other produce, either on margins or otherwise, without any intention of receiving and paying for the property so bought, or of delivering the property so sold; or in which is conducted or permitted the pretended buying or selling of such property on margins; or when the party buying or offering to buy such property does not intend actually to receive the same if purchased, or the person selling such property to deliver it if sold.

§ 2172. Evidence

If stocks or bonds are in any manner quoted in such places, or the word "corporation," "association," or "company," or an abbreviation thereof, used therein and therewith, it shall be prima facie evidence that such stocks or bonds are the stocks or bonds of then going corporations. If such stocks or bonds, or such petroleum, cotton, grain, provisions, pork or other produce are not actually received when purchased or actually delivered when sold, it shall be prima facie evidence that:

- (1) Such property was sold or purchased without any intention of receiving it or paying for or delivering it;
- (2) Such property was bought or sold on margins; and
- (3) The parties buying or offering to buy or selling such property did not intend actually to receive or deliver the same.

§ 2173. Penalties

A person or corporation, whether acting individually, or as a member, officer, agent or employee of a corporation, who violates a provision of section 2171 of this title shall be fined not more than \$1,000.00 nor less than \$200.00. A person who is guilty of a second offense, in addition to the penalty above prescribed, shall be imprisoned six months and, if a corporation, shall be liable to forfeit its charter. The continuance of such establishment after a first conviction shall be deemed a second offense. (Amended 1971, No. 199 (Adj. Sess.), § 15.)

§ 2174. What constitutes offense; accessories

The offense shall be complete against a person or corporation pretending or offering to sell or to buy, as provided in sections 2171 and 2172 of this title, whether the offer to sell or buy is accepted or not. A person or corporation communicating, receiving, exhibiting or

displaying in any manner such offer so to buy or sell or any statements or quotations of the prices of such property, with a view to such transaction, shall be deemed an accessory and shall be punished as provided in section 2173 of this title.

§ 2175. Commission merchants to furnish statement of contract

A person or corporation doing business as a commission merchant or broker shall furnish, on demand, to a customer or principal for whom such person or corporation has executed an order for the actual purchase or sale of any of the commodities mentioned in sections 2171 and 2172 of this title, either for immediate or future delivery, a written statement containing the names of the parties from whom such property was bought, or to whom sold, the time when, place where and price at which the same was bought or sold. If such person or corporation refuses promptly to furnish such statement upon reasonable demand, such refusal shall be prima facie evidence that such property was not bought or sold in a legitimate manner.

§ 2176. Liability of landlords

A person who knowingly permits any of the illegal acts mentioned in sections 2171-2175 of this title in a building, booth, or erection of which he or she has the care or possession shall be fined not more than \$1,000.00 nor less than \$500.00. A penalty so adjudged shall be a lien upon the premises on or in which such unlawful acts are carried on or permitted.

§ 2177. Restraint by injunction; costs

When a prosecution is commenced for the violation of a provision of sections 2171, 2173, 2174 or 2176 of this title, the state's attorney may petition the presiding judge of the superior court to enjoin the carrying on of such unlawful business in the place where the complaint, information or indictment charges that it has been conducted. Such presiding judge shall hear and determine such petition in the manner provided by law and the rules of civil procedure for the determination of causes and may, if the allegations therein are sustained, permanently enjoin the person, firm or corporation shown to have kept or caused to have been kept such place, from conducting such prohibited business therein. The superior court or presiding judge may, upon petition therefor in such proceedings, issue a temporary injunction to effect, during the pendency of the petition, the closing of such place against such unlawful business. The costs of the proceedings authorized by this section shall be tax

ed against the defendant in case the state prevails. (Amended 1971, No. 185 (Adj. Sess.), § 236, eff. March 29, 1972; 1973, No. 193 (Adj. Sess.), § 3, eff. April 9, 1974.)

The Vermont Statutes Online

Title 32: Taxation and Finance

Chapter 239: GAMES OF CHANCE

§ 10201. Definitions

As used in this chapter:

(1) "Break-open ticket" means a lottery utilizing a card or ticket of the so-called pickle card, jar ticket or break-open variety commonly bearing the name "Lucky 7," "Nevada Club," "Victory Bar," "Texas Poker," "Triple Bingo," or any other name.

(2) "Commissioner" means the commissioner of taxes.

(3) "Distributor" means a person who purchases break-open tickets from a manufacturer and sells or distributes break-open tickets at wholesale in Vermont. "Distributor" shall include any officer, employee or agent of a corporation or dissolved corporation who has a duty to act for the corporation in complying with the requirements of this chapter. "Distributor" shall not include a person who distributes only jar tickets which are used only for merchandise prizes.

(4) "Manufacturer" means a person who designs, assembles, fabricates, produces, constructs or who otherwise prepares a break-open ticket for sale to a distributor.

(5) "Nonprofit organization" means a nonprofit corporation which is qualified for tax exempt status under the provisions of Section 501(c) of the Internal Revenue Code, as amended and which has engaged, in good faith, in charitable, religious, educational or civic activities in this state on a regular basis during the preceding year. "Nonprofit organization" also includes churches, schools, fire departments, municipalities, fraternal organizations and organizations that operate agricultural fairs or field days and which has engaged, in good faith, in charitable, religious, educational or civic activities in this state on a regular basis during the preceding year. (Added 1991, No. 267 (Adj. Sess.), § 2, eff. Oct. 1, 1992; amended 1993, No. 183 (Adj. Sess.), § 7.)

§ 10202. License required

(a) Manufacture. Break-open tickets sold in Vermont shall be manufactured only by a person licensed by the commissioner. A licensed manufacturer shall sell break-open tickets only to distributors licensed under this chapter, and a distributor licensed under this chapter shall purchase break-open tickets only from a manufacturer licensed under this chapter.

(b) Distribution. A distributor who sells or distributes break-open tickets for resale in Vermont shall be licensed by the commissioner and also shall be:

(1) a natural person who is a resident of Vermont; or

(2) a partnership in which the majority of partners are residents of Vermont; or

(3) a corporation incorporated under the laws of Vermont provided that a majority of the ownership interest is held by Vermont residents; or

(4) a person, not a resident of Vermont, whose home state allows Vermont residents or corporations to distribute break-open tickets in that state under similar terms and conditions. (Added 1991, No. 267 (Adj. Sess.), § 2, eff. Oct. 1, 1992; amended 1993, No. 183 (Adj. Sess.), § 8.)

§ 10203. Distribution; retail purchase and sale

(a) Only nonprofit organizations may purchase break-open tickets from distributors licensed under this chapter.

(b) A nonprofit organization may purchase break-open tickets only from a distributor licensed under this chapter.

(c) No person, other than a licensed distributor, shall distribute a box of break-open tickets, and no person shall distribute a box of break-open tickets, unless the box bears indicia as required by the commissioner. No person shall distribute or sell a break-open ticket at retail unless the ticket bears a unique serial number.

(d) A distributor licensed under this chapter may sell break-open tickets only to nonprofit organizations as defined in subdivision 10201(5) of this title, except that a person other than a licensed distributor may sell such tickets to a licensed distributor upon written approval of the commissioner.

(e) Only nonprofit organizations may sell break-open tickets at retail.

(f) Break-open tickets shall not be sold at premises licensed to sell alcoholic beverages except at clubs as defined in subdivision 2(7) of Title 7. However, a nonprofit organization may sell break-open tickets at premises licensed to sell alcoholic beverages if, notwithstanding 13 V.S.A. § 2143(e), all proceeds from the sale of break-open tickets are used by the nonprofit organization exclusively for charitable, religious, educational and civic undertakings, with only the following costs deducted from the proceeds:

(1) actual cost of the break-open tickets;

(2) the prizes awarded;

(3) reasonable legal fees necessary to organize the nonprofit organization and to assure compliance with all legal requirements; and

(4) reasonable accounting fees necessary to account for the proceeds from the sale of break-open tickets.

(g) The provisions of this chapter regarding sales and purchases of break-open tickets also apply to transfers of break-open tickets for no charge. (Added 1991, No. 267 (Adj. Sess.), § 2, eff. Oct. 1, 1992; amended 1993, No. 183 (Adj. Sess.), § 9; 2003, No. 70 (Adj.

Sess.), § 61, eff. March 1, 2004.)

§ 10204. License requirements; fees

(a) Upon application and payment of the fee, the commissioner may issue the following licenses to qualified applicants:

- | | |
|---------------------------------|------------|
| (1) Manufacturer annual license | \$3,000.00 |
| (2) Distributor annual license | 2,000.00 |

(b) A license shall not be granted to an individual who has been convicted of a felony within five years of the license application nor to an entity in which any partner, officer or director has been convicted of a felony within five years of the application.

(c) Licenses issued under this section may be renewed annually on October 1, upon reapplication and payment of the licensing fee.

(d) All fees collected pursuant to this section shall be deposited into the general fund. (Added 1991, No. 267 (Adj. Sess.), § 2, eff. Oct. 1, 1992.)

§ 10205. Records; report

(a) Each distributor and manufacturer licensed under this chapter shall maintain records and books relating to the distribution and sale of break-open tickets and to any other expenditure required by the commissioner. A licensee shall make its records and books available to the commissioner for auditing.

(b) Each licensed distributor shall file with the commissioner on the same schedule as the distributor files sales tax returns the following information for the preceding reporting period:

- (1) The names of organizations to which boxes of break-open tickets were sold.
- (2) The number of boxes of break-open tickets sold to each organization.
- (3) The ticket denomination and serial numbers of tickets for each box.

(c) Records and reports filed under this section shall be subject to the provisions of 32 V.S.A. § 3102.

(d) The commissioner of taxes shall provide the records and reports filed under this section to the attorney general, upon request, notwithstanding the provisions of section 3102 of this title. (Added 1991, No. 267 (Adj. Sess.), § 2, eff. Oct. 1, 1992; amended 1993, No. 183 (Adj. Sess.), § 10.)

§ 10206. Rules

The department of taxes shall regulate the licensing and reporting requirements of manufacturers and distributors of break-open tickets under this chapter. The commissioner shall adopt rules for licensure and indicia for boxes of break-open tickets. (Added 1991, No. 267 (Adj. Sess.), § 2, eff. Oct. 1, 1992.)

§ 10207. Enforcement

(a) Any person who intentionally violates section 10203 of this title shall be fined not

more than \$500.00.

(b) Any person who intentionally violates sections 10202, 10204, or 10205 of this title shall be fined not more than \$10,000.00 for the first offense and fined not more than \$20,000.00 or imprisoned not more than one year, or both, for each subsequent offense.

(c) In addition to the criminal penalties provided under subsections (a) and (b) of this section, any person who violates a provision of this chapter shall be subject to one or more of the following penalties:

(1) Revocation or suspension by the commissioner of a license granted pursuant to this chapter.

(2) Confiscation of break-open tickets or confiscation of the revenues derived from the sale of those tickets, or both. (Added 1991, No. 267 (Adj. Sess.), § 2, eff. Oct. 1, 1992.)

§ 10208. Appeals

Any licensee aggrieved by an action taken under subsection 10207(c) of this chapter and any person aggrieved by the commissioner's refusal to issue or renew a license under this chapter may appeal in writing to the commissioner for review of such action. The commissioner shall thereafter grant a hearing subject to the provisions of chapter 25 of Title 3 upon the matter and notify the aggrieved person in writing of his or her determination. The commissioner's determination may be appealed within 30 days to the Washington superior court or the superior court of the county in which the taxpayer resides or has a place of business. (Added 1997, No. 156 (Adj. Sess.), § 27, eff. April 29, 1998.)

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Parish Procedures for Gifts of Securities	Policy Number PA0007
	Section: Parish Financial Services
	Sub-Section: Parish Procedures for Gifts of Securities
	Date: December 5, 2011

INTRODUCTION

Parishes occasionally receive gifts in the form of stocks, bonds and other securities from parishioners. These funds are typically received through special collections, donations, and bequests. The Diocesan Development Office can assist the parish is liquidating these gifts as individual parishes are not typically set-up to handle the sale of securities.

PROCEDURE

Gifts of securities received by a parish should be liquidated as soon as possible. Parishes requiring Diocesan assistance in liquidating gifts should send them to the Diocesan Development Office. The best practice is to have the security electronically transferred by the donor to the Diocesan TD Ameritrade account. This will allow for quickly evaluating whether the shares have been transferred to the account, eliminate special procedures required to sell paper shares, and allow for the efficient disbursement of the related funds back to the parish in a timely manner.

Gifts of securities for the benefit of the parish flow through the same TD Ameritrade account as the Bishop's Fund. The following information related to the gift is required by the Diocesan Development Office:

- a) The number of shares;
- b) The stock symbol or company;
- c) Intended date of transfer (can be approximate);
- d) Donor name and contact information; and
- e) The intention of the gift (i.e. Parish).

The account information below should be used by the donor when completing the forms to make the transfer, or given to the donor's broker to complete the transfer on behalf of the donor.

Receiving Firm: TD Ameritrade
Receiving Firm DTC: 0188
Receiving Title: Roman Catholic Diocese of Burlington
Receiving Account Number: 862780850

Approved by: Finance Department	Original Effective Date: December 21, 2011	Revision no:	Page: 1 of: 2
------------------------------------	---	--------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Parish Procedures for Gifts of Securities	Policy Number PA0007
	Section: Parish Financial Services
	Sub-Section: Parish Procedures for Gifts of Securities
	Date: December 5, 2011

An acknowledgement of the gift is sent to the parishioner as well as the parish indicating the number of shares or units received when the Diocesan Development Office is notified that a parishioner has transferred securities.

Diocesan policy dictates the securities be sold as soon as they are received. Verification of the value of the securities is made when the gift is sold by TD Ameritrade. The Diocesan Development Office notifies the parish of the value of the securities sold and submits a check request to the Diocesan Finance Office to have the proceeds of the sale, net of any investment fees, sent to the parish.

Sample Donor Acknowledgement as follows:

Date of Gift:

Stock Symbol:

Total number of shares:

The (Diocese of Burlington or parish) has not provided you with any goods or services of tangible value in exchange for this contribution. Thus, the total amount above is eligible for the charitable deduction. Please consult your tax advisor regarding any further questions about your deductibility.

Approved by: Finance Department	Original Effective Date: December 21, 2011	Revision no:	Page: 2 of: 2
------------------------------------	---	--------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Parish Tax Issues- Unrelated Business Income	Policy Number PA0008
	Section: Parish Financial Services
	Sub-Section: Parish Tax Issues
	Date: January 12, 2012

INTRODUCTION

Churches and religious organizations, like many other charitable organizations, qualify for exemption from federal income tax under *IRC section 501(c)(3)* and are generally eligible to receive tax-deductible contributions.

To qualify for tax-exempt status, such an organization must meet the following requirements:

- the organization must be organized and operated exclusively for religious, educational, scientific, or other charitable purposes;
- net earnings may not inure to the benefit of any private individual or shareholder;
- no substantial part of its activity may be attempting to influence legislation;
- the organization may not intervene in political campaigns; and
- the organization's purposes and activities may not be illegal or violate fundamental public policy.

UNRELATED BUSINESS INCOME TAX (UBIT)

Churches and religious organizations may engage in income-producing activities unrelated to their tax-exempt purposes, as long as the unrelated activities are not a substantial part of the organization's activities. However, the net income from these unrelated business activities will be subject to the "Unrelated Business Income Tax" if the following three conditions are met:

- the activity constitutes a trade or business;
- the trade or business is regularly carried on; and
- the trade or business is not substantially related to the organization's exempt purpose. (The fact that the organization uses the income to further its charitable or religious purposes does not make the activity substantially related to its exempt purposes.)

Approved by: Finance Department	Original Effective Date: February 13, 2012	Revision no: 1	Page: 1 of: 4
------------------------------------	---	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Parish Tax Issues- Unrelated Business Income	Policy Number PA0008
	Section: Parish Financial Services
	Sub-Section: Parish Tax Issues
	Date: January 12, 2012

Even if an activity meets the above three criteria, the income may not be subject to tax if it meets one of the following exceptions:

- substantially all of the work done by the business is performed by non-paid workers (volunteers);
- the business activity is largely done for the convenience of the congregation; or
- the vast majority of items being sold were donated.

According to the *IRS Publication 1828*, “In general, rents from real property, royalties, capital gains, and interest and dividends are not subject to the unrelated business income tax unless financed with borrowed money.”

Listed below is an excerpt from *IRS Publication 1828* listing some common examples of what constitutes Unrelated Trade or Business Activities:

Advertising

Many tax-exempt organizations sell advertising in their publications or other forms of public communication. Generally, income from the sale of advertising is unrelated trade or business income. This may include the sale of advertising space in weekly bulletins, magazines or journals, or on church or religious organization websites. Advertising includes messages containing the following: qualitative or comparative language; price information or other indications of savings or value; an endorsement; or an inducement to purchase, sell, or use any company, service, facility, or product. Mere display or distribution—whether for free or for a charge—of a payer's product to the general public at the sponsored activity is not considered an inducement to purchase, sell, or use the product.

Gaming

Most forms of gaming, if regularly carried on, may be considered the conduct of an unrelated trade or business. This can include the sale of pull-tabs and raffles. Income derived from bingo games may be eligible for a special tax exception (in addition to the exception regarding uncompensated volunteer labor covered above), if the following conditions are met: (a) the bingo game is the traditional type of bingo (as opposed to instant bingo, a variation of pull-tabs); (b) the conduct of the bingo game is not an activity carried out by for-profit organizations in the local area; and (c) the operation of the bingo game does not violate any state or local law.

Approved by: Finance Department	Original Effective Date: February 13, 2012	Revision no: 1	Page: 2 of: 4
------------------------------------	---	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Parish Tax Issues- Unrelated Business Income	Policy Number PA0008
	Section: Parish Financial Services
	Sub-Section: Parish Tax Issues
	Date: January 12, 2012

Sale of merchandise and publications

The sale of merchandise and publications (including the actual publication of materials) can be considered the conduct of an unrelated trade or business if the items involved do not have a substantial relationship to the exempt purposes of the organization.

Rental income

Generally, income derived from the rental of real property and incidental personal property is excluded from unrelated business income. However, there are certain situations in which rental income may be unrelated business taxable income:

- if a church (parish) rents out property on which there is debt outstanding (for example, a mortgage note), the rental income may constitute unrelated debt-financed income subject to UBIT. (However, if a church (parish) or convention or association of churches acquires debt-financed land for use in its exempt purposes within 15 years of the time of acquisition, then income from the rental of the land may not constitute unrelated business income.)
- if personal services are rendered in connection with the rental, then the income may be unrelated business taxable income, or
- if a Church (parish) charges for the use of the parking lot, the income may be unrelated business taxable income.

Parking lots

If a church (parish) owns a parking lot that is used by church members and visitors while attending church services, any parking fee paid to the church would not be subject to UBIT. However, if a church (parish) operates a parking lot that is used by members of the general public, parking fees would be taxable, as this activity would not be substantially related to the church's exempt purpose, and parking fees are not treated as rent from real property. If the church (parish) enters into a lease with a third party who operates the church's parking lot and pays rent to the church, such payments would not be subject to tax, as they would constitute rent from real property.

Whether an income-producing activity is an unrelated trade or business activity depends on all the facts and circumstances. For more information, see *IRS Publication 598, Tax on Unrelated Business Income of Exempt Organizations*.

Approved by: Finance Department	Original Effective Date: February 13, 2012	Revision no: 1	Page: 3 of: 4
------------------------------------	---	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Parish Tax Issues- Unrelated Business Income	Policy Number PA0008
	Section: Parish Financial Services
	Sub-Section: Parish Tax Issues
	Date: January 12, 2012

TAX ON INCOME-PRODUCING ACTIVITIES

If a church (parish), or other exempt organization, has gross income of \$1,000 or more for any taxable year from the conduct of any unrelated trade or business, it is required to file IRS Form 990-T, Exempt Organization Business Income Tax Return, for that year. If the church (parish) is part of a larger entity such as a diocese, it must file a separate Form 990-T if it has a separate Employer Identification Number (TIN). Form 990-T is due the 15th day of the 5th month following the end of the church's (parish) tax year. *IRC section 512(b)(12)* provides a special rule for parishes and similar local units of a church. A specific deduction is provided, which is equal to the lower of \$1,000 or the gross income derived from any unrelated trade or business regularly carried on by such parish or local unit of a church.

Sources: IRS Publication 1828.

Approved by: Finance Department	Original Effective Date: February 13, 2012	Revision no: 1	Page: 4 of: 4
------------------------------------	---	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Tamper-Evident Bag Procedures	Policy Number PA0009
	Section: Parish Financial Services
	Sub-Section: Cash Receipts
	Date: August 31, 2012

INTRODUCTION

Safeguarding the Church's assets is as much a part of stewardship as is cultivating a personal spirit. The goal for these procedures is the prudent management of donations and the protection of all those involved in the collection and counting process.

The responsibility for overall stewardship of the parish finances is the pastor. Following these procedures provides good internal control without creating an unnecessary burden on those charged with the handling of Church assets.

POLICY

Offertory collections not transported immediately after Mass by the ushers to the counting team must be placed in plastic tamper-evident bags and transported to the church safe or locked fireproof cabinet where it will stay until it is counted. The following procedures will be followed for plastic tamper-evident bags use:

Preparation for Bag Use:

- The parish secretary/bookkeeper will place a sufficient supply of the pre-numbered plastic tamper-evident bags in the designated area in the church prior to each week's Masses. Access to the bags should be limited to the ushers and the parish secretary/bookkeeper. At least one bag, of sufficient size, should be available for each collection at each Mass.
- The bags should be labeled by the parish secretary/bookkeeper as to the Mass time and the type of collection (when there is to be more than one collection at a Mass).
- The parish secretary/bookkeeper will record on the Plastic Tamper-Evident Bag Control Log (sample attached) the bag number, Mass time, and type of collection for each bag placed in the church for the weekend Masses. The parish secretary/bookkeeper will maintain the Plastic Tamper-Evident Bag Control Log in the parish office.

Approved by: Finance Department	Original Effective Date: September 17, 2012	Revision no: 1	Page: 1 of: 3
------------------------------------	--	-------------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Tamper-Evident Bag Procedures	Policy Number PA0009
	Section: Parish Financial Services
	Sub-Section: Cash Receipts
	Date: August 31, 2012

- A small emergency supply of extra, number-controlled bags can be on hand in the church in case one of the bags malfunctions or in case another bag is needed because of the collection volume. These bags should be labeled as “Emergency Bags” and have instructions as to their proper use. They should be reported on the Plastic Tamper-Evident Bag Control Log as emergency bags and accounted for each week by the parish secretary/bookkeeper at the time new bags are supplied.

Collecting Funds:

- When the collection of the offertory is finished, two ushers at each Mass will empty the collection from the baskets into the pre-numbered plastic tamper-evident bags assigned to the Mass and particular collection. The bags are sealed, initialed and dated by the two ushers. The ushers should ensure that the contents are properly secured. If a bag is spoiled or un-useable, the spoiled bag **should not be thrown away**. The spoiled bag and the collection are to be put into an emergency bag. The ushers will then label the emergency bag with the date, Mass time, type of collection and the bag shall be initialed by the two ushers.
- The plastic tamper-evident bag(s), once sealed, will be placed in the parish safe or locked fireproof cabinet or other locked and secured area by the ushers until it can be placed into the parish safe or locked fireproof cabinet after Mass.
 - If it's the pastor's desire for the collection to be brought forward with the gifts in the offertory procession, the funds must be placed in full public view in the Sanctuary until the end of the Mass. After Mass the collection is transported by two ushers to the count team or placed in the plastic tamper-evident bag assigned to each Mass and collection. The bags are sealed, initialed and dated by the two ushers.
 - The collection may never be left unattended, except when it is in full public view in the sanctuary.
 - Immediately upon the exit of the pastor at the conclusion of Mass, two ushers must retrieve the bags and the bags must be placed the parish safe or locked fireproof cabinet.

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Tamper-Evident Bag Procedures	Policy Number PA0009
	Section: Parish Financial Services
	Sub-Section: Cash Receipts
	Date: August 31, 2012

Bag Verification at Time of Counting:

- The pastor or his designee removes the plastic tamper-evident bags from the safe or locked fire-proof cabinet and delivers them to the count team who are in a secured area and the Plastic Tamper-Evident Bag Control Log is obtained from the parish secretary/bookkeeper. Before opening, one counter shall compare the numbers on the bags to the numbers on the Plastic Tamper-Evident Bag Control Log and initial the control log noting verification. The counting team should contact the Parish Finance Council Chair if there is a discrepancy with the control numbers or if the bag appears to have been tampered with. The count team will then open the bag(s) with a pair of scissors, retain the pre-numbered portion of the plastic tamper-evident bag and attached the portion of the bag to the Collection Count Sheet. The control log will then be returned to the parish secretary/bookkeeper.
- Plastic Tamper-Evident Bag Control Logs should be filed and kept in the parish office for three years.

Monitoring:

- The Parish Finance Council should monitor and periodically review the procedures followed by the parish for the use of plastic tamper-evident bags.

Approved by: Finance Department	Original Effective Date: September 17, 2012	Revision no: 1	Page: 3 of: 3
------------------------------------	--	-------------------	------------------

Plastic Tamper Evident Bag Control Log

[illegible]

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Signatories on Parish School Bank and Investment Accounts	Policy Number PA0010
	Section: Parish Financial Services
	Sub-Section: Cash Disbursements
	Date: January 27, 2015

INTRODUCTION

The handling of cash is the primary concern of financial control in any organization. The goal for this procedure is to provide guidelines for the pastor and the principal of parish schools on identifying who is authorized to open bank & investment account and authorized to sign checks on behalf of parish schools.

The responsibility for overall stewardship of the parish and parish school finances is the pastor, therefore, the pastor should be the main signer on all school bank and investment accounts. This policy authorizes the pastor, at his discretion, to allow the school principal to be the alternate signatory if the pastor is not available to sign checks.

POLICY

The authority to open bank and investment accounts on behalf of a parish school is given to the pastor.

The pastor is the primary signatory on all bank and investment accounts.

The Diocesan Bishop, as Trustee of each Parish Charitable Trust, must be a signor on all bank and investment accounts along with the pastor.

The Dean of the Deanery in which the parish is located is designated as an alternate signatory on all bank accounts for emergency situations.

At the discretion of the pastor, the school principal can be an alternate signatory in place of the dean.

The pastor must sign or authorize all checks in excess of \$1,000.

The use of a check-signing machine or a signature stamp is prohibited.

At no time should blank checks be pre-signed for future use.

Approved by: Finance Department	Original Effective Date: February 4, 2015	Revision no:	Page: 1
------------------------------------	--	--------------	---------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Fundraising: School Societies, Organizations or Groups	Policy Number PA0011
	Section: Parish Financial Services
	Fundraising: School Societies, Organizations Groups
	Date: June 30, 2015

INTRODUCTION

The School has financial authority over all groups who use the school name to raise money. These organizations of the school are not separate entities; they are established organizations of the school and are under the jurisdiction of the principal. The school is also responsible for setting policies concerning how fundraising may be conducted.

POLICY

Funds raised by or for a school are to be used to meet the needs of the school reflected in the operating budget of the school. Funds raised are to be transferred to the school immediately and then used to pay for designated budget items. The principal would make the actual purchase of the budgeted items. These organizations must protect the tax-exempt status of the school and the Diocese. The School has the final decision on the use/designation of funds raised by these organizations.

MOTIVATION

- Fundraising appeals are to be truthful and forthright, theologically sound and should strive to foster a greater love of God and neighbor.
- Fundraising efforts are to be for defined needs.
- The relationship of trust between donor and fund-raiser requires that:
 - Funds collected be used for their intended purposes; and
 - Funds collected are not absorbed by excessive fundraising costs.
- Donors are to be informed regarding the use of donated funds and assured that any restrictions on the use of the funds by the donor will be honored.
- Approval for fundraising is to be given in writing with reference to the purpose for which the funds are being raised, the time frame, and the methods to be used in raising them.

PROCEDURES

Any society, organization or group sponsoring fund raising events are to use prudent financial controls in conjunction with such events. These controls promote the segregation of bookkeeping duties from the handling of cash and also encourage the use of counting teams to count the cash and prepare bank deposits associated with the event. Care should also be taken to comply with applicable Internal Revenue Code rules and regulations regarding qualified tax exemptions and deductions. Before undertaking any fundraising activity a budget should be

Approved by: Finance Department	Original Effective Date: November 19, 2015	Revision no:	Page: 1 of: 7
------------------------------------	---	--------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Fundraising: School Societies, Organizations or Groups	Policy Number PA0011
	Section: Parish Financial Services
	Fundraising: School Societies, Organizations Groups
	Date: June 30, 2015

developed and approved for each activity and a determination made as to whether the anticipated net proceeds warrant the time, resources and efforts required for conducting a successful fundraising activity.

1. Banks Accounts:

- All fund raising events must secure monies daily either in the School safe or deposited in a school bank account. In no case shall monies be left overnight in schools except in a safe. Funds may never be taken home by an individual.
- All banks accounts related to any organization, society, group or club affiliated with the school must be a part of the school's books and use the School Tax ID number. All transactions associated with each of these accounts must be individually posted to the school's books and become part of the financial statements and reporting of the school.
- The bank statements associated with each of these accounts must be reconciled by the school bookkeeper monthly and kept in the school office.
- The principal, vice principal, Bishop and Diocesan Vicar must be included as authorized to sign on any and all bank accounts related to the school.
- Copies of check signer cards must be maintained in the school office.

2. Documentation Disbursements:

- Documentation supporting account activity (receipts, invoices, check and reimbursement requests, bank statements and reconciliation, etc.) must be supplied to the school bookkeeper on a monthly basis.
- Approved receipts must be indicated by the signature of the approving authority.
- This supporting documentation must remain in the possession of the school bookkeeper at the school

3. Documentation Revenue collection:

- Documentation for all individual donations received. (Letters of acknowledgement / Receipts)
- In-Kind Contributions (goods and services) must also be documented

Approved by: Finance Department	Original Effective Date: November 19, 2015	Revision no:	Page: 2 of: 7
------------------------------------	---	--------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Fundraising: School Societies, Organizations or Groups	Policy Number PA0011
	Section: Parish Financial Services
	Fundraising: School Societies, Organizations Groups
	Date: June 30, 2015

4. General Ledger

- The school bookkeeper is to request and review parent club account activity on a monthly basis ensuring that checks are written only in support of authorized, supportable transactions.
- The school bookkeeper is to record this activity to Quick Books on a monthly basis.

5. Reporting

Each society, organization, or group must provide the school with budget and an annual financial report as well as a financial report quarterly. These reports should include the following:

- A summary of the activities
- A financial summary of all the cash receipts and disbursements

FUND RAISING ACTIVITIES

There are a wide range of fundraising activities that schools have traditionally conducted in the Diocese of Burlington, including Raffles, Bazaar/Carnival, Food (e.g. cake sales, pancake breakfast, pasta dinner, catered meals)

This following information will assist in planning for and conducting fundraising activities. School personnel must be aware of any State and local regulations concerning permits, licenses, fees, and other rules with which they must comply.

Please note: Year-end reporting is required if the amount won is \$1,200 or more for Bingo or between \$600 and \$5,000 and is at least 300 times the amount of the wager (cost of ticket purchased) for other fundraising activities, OR if the amount won exceeds \$5,000. The winnings are reportable on Form W2-G, which should be mailed to the winner by January 31 of the following year. Copies of Form W2-G should be mailed to the IRS and the Vermont Department of Taxes, along with Form 1096 by February 28 of the following year.

Fundraising activities have three basic administrative components:

- Planning;
- Federal, State, and local compliance;
- Cash management, accounting, and recordkeeping.

Approved by: Finance Department	Original Effective Date: November 19, 2015	Revision no:	Page: 3 of: 7
------------------------------------	---	--------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Fundraising: School Societies, Organizations or Groups	Policy Number PA0011
	Section: Parish Financial Services
	Fundraising: School Societies, Organizations Groups
	Date: June 30, 2015

1. Raffles

A raffle involves many people purchasing tickets for a chance to win a certain prize or prizes. All raffles are subject to Vermont Charitable Gaming Laws under Title 13, Chapter 51, Section 2143 of the Vermont Statutes. The raffle must comply with all limitations provided in the Vermont Statutes including the frequency of drawings, value of the prize, compensation to persons involved in organizing or executing such events, and use of the proceeds.

***** Solicitations of raffle tickets by mail are prohibited *****

- **Reporting Requirements**

- Nonprofits not required to file 990 or 990T forms must file State Form B-3 on or before June 15 for the previous calendar year if they raised gross receipts of more than \$10,000 from organizing and executing games of chance. Forms are available from the Vermont Department of Taxes.

- **Other information**

- Persons promoting or selling tickets **must be 18 years or older.**

2. Bazaars and Carnivals

- Games of chance such as Bingo, casino and raffles that are held at a bazaar or carnival event are also subject to Vermont Charitable Gaming Laws under Title 13, Chapter 51, Section 2143 of the Vermont Statutes.
- The games must comply with all limitations provided in the law including frequency, value of prizes, compensation to persons involved in organizing or executing such events, and use of the proceeds.

3. Food

- Historically, the sale of prepared foods has been a key component of traditional fundraising activity for many parishes. The Department of Health, Division of Health Protection Food and Lodging Program has established *Health Regulations for Food Service Establishments*. The regulations state: "All places that prepare and serve food to the public, other than on an occasional basis, and advertise such food service within the meaning of 18 V.S.A. Section 4358 shall, prior to serving food, hold a current annual food license issued by the Department of Health." Occasional is defined as "Occurring not more than one day's duration in any month."

Approved by: Finance Department	Original Effective Date: November 19, 2015	Revision no:	Page: 4 of: 7
------------------------------------	---	--------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Fundraising: School Societies, Organizations or Groups	Policy Number PA0011
	Section: Parish Financial Services
	Fundraising: School Societies, Organizations Groups
	Date: June 30, 2015

- Occasional events such as pancake breakfasts, pasta dinners and bake sales would not require a food license if they do not occur more than one day per month.
- Schools that hold Bingo events more than one day per month and prepare and serve food must have a food license.
- Prior to conducting any event where food is sold on parish premises, the *Health Regulations for Food Service Establishments* must be reviewed.

A copy of the Regulations can be found at:
http://healthvermont.gov/regs/03food_estab.pdf

State of Vermont
Agency of Human Services
DEPARTMENT OF HEALTH
Division of Health Protection
Food & Lodging Program
108 Cherry Street
Burlington, Vermont 05401
802-863-7221

INTERNAL CONTROLS AND CASH MANAGEMENT

Exercising good cash management and controls are critical at any School fundraising activity to prevent pilferage, loss and possible theft.

- It is advisable, especially at a function such as a Carnival or Bazaar, to operate cash collection station(s)/booths to sell tickets to be used to purchase any items at the event.
- Ride tickets or wrist bands are usually provided by the Rides Contractor and sold from a booth provided by the contractor. Personnel operating the booth must be provided by the parish, and the receipts will be handled the same way as the other cash collection stations.
- Ride tickets are numbered and will determine what percentage of the receipts will be given to the contractor. The percentage shared by the parish and the ride contractor is set forth in the signed contract.
- Vendors who sell their products at the carnival/bazaar will either pay a rental/space fee or share the receipts with the parish. If the agreement stipulates a percentage sharing, the receipts from these vendors must be kept separate from the other receipts.

Approved by: Finance Department	Original Effective Date: November 19, 2015	Revision no:	Page: 5 of: 7
------------------------------------	---	--------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Fundraising: School Societies, Organizations or Groups	Policy Number PA0011
	Section: Parish Financial Services
	Fundraising: School Societies, Organizations Groups
	Date: June 30, 2015

- At least two or more unrelated individuals shall be appointed to pick up the accumulated cash at least every hour, more frequently if the attendance is large.
- Cash is to be counted immediately after the event and should be brought to a secure area for counting by the cash management team consisting of at least three unrelated individuals. The counters must use the Count Sheet to itemize the funds collected and all members of the count team must sign the form. A count team member prepares the bank deposit slip and places the deposit in a plastic tamper-evident bag. The tamper-evident bag is then stored in a locked safe or cabinet until the deposit is brought to the bank.
- Cash collected and not immediately counted must be placed in a plastic tamper-evident bag by two unrelated individuals and stored in the school's locked safe or cabinet until counted.
- Start money for the next day's event should be set up and placed in a secure safe or cabinet.
- For a multiple day function, receipts for the day should be deposited at the end of that day.

ACCOUNTING

The gross amount of all receipts and the gross amount of all expenditures will be recorded in the School accounting system as required by law.

- For each fund-raising activity, a sub-class should be established, such as Carnival, Bazaar, fund raising dinners, etc. In addition, a School may set up a further sub-division for the activities, such as food, games, etc.
- Appropriate account numbers will be used. No new account number will be created without approval from the Diocesan Parish Financial Services Office.
- All invoices for fund-raising events will be processed through the QuickBooks parish accounting system. Existing account numbers will be used, and Functional Activities (Classes) will be used to distinguish normal School operating costs from fundraising expenses.

RECORD KEEPING

Accurate recordkeeping is essential if parishes are to comply with Vermont and Federal regulations and for prudent fiscal management.

Approved by: Finance Department	Original Effective Date: November 19, 2015	Revision no:	Page: 6 of: 7
------------------------------------	---	--------------	------------------

The Roman Catholic Diocese of Burlington

Policies & Procedures

SUBJECT: Fundraising: School Societies, Organizations or Groups	Policy Number PA0011
	Section: Parish Financial Services
	Fundraising: School Societies, Organizations Groups
	Date: June 30, 2015

- Schools are required to generate a report on any fundraising event to the Principal and Finance Council. The results of each fundraising activity should be documented.
- Reports should be used to determine if the event achieved the budgeted net proceeds target, and how to modify the event to achieve the best results going forward.
- Schools should prepare any required Vermont State and Federal reports within the specified time period, depending on the type of fundraiser.

Unrelated Business Income Tax (UBIT)

- Churches and religious organizations may engage in income-producing activities unrelated to their tax-exempt purposes, as long as the unrelated activities are not a substantial part of the organization's activities. However, the net income from these unrelated business activities will be subject to the "Unrelated Business Income Tax" if the following three conditions are met:
 - the activity constitutes a trade or business,
 - the trade or business is regularly carried on, and
 - the trade or business is not substantially related to the organization's exempt purpose. (The fact that the organization uses the income to further its charitable or religious purposes does not make the activity substantially related to its exempt purposes.)
- Even if an activity meets the above three criteria, the income may not be subject to tax if it meets one of the following exceptions:
 - substantially all of the work done by the business is performed by non-paid workers(volunteers);
 - the business activity is largely done for the convenience of the congregation; or
 - The vast majority of items being sold were donated.

Approved by: Finance Department	Original Effective Date: November 19, 2015	Revision no:	Page: 7 of: 7
------------------------------------	---	--------------	------------------