

# **Parish and School Financial Policy Manual**

**The Archdiocese of San Francisco  
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## Parish and School Financial Policies Index

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Section A.  
Principles for Administration of  
Parish and School Finances

## PRINCIPLES FOR ADMINISTRATION OF PARISH AND SCHOOL FINANCES

- A. The Pastor is responsible for financial decisions and will establish a balanced annual operating budget in consultation with the Parish Finance Council. The Pastor should also develop in consultation with the Parish Finance Council an annual capital expenditure budget including sources of funds. The Actual income and expenditures of the parish should be compared to the budgets monthly and reviewed by the Parish Finance Council at least quarterly.
- B. Each parish shall issue an informative financial report to its parishioners at least annually.
- C. All parishes will follow a uniform chart of accounts to facilitate reporting to the parishioners, the Parish Finance Council and the Archdiocese.
- D. All parishes will follow established internal accounting controls.
- E. All Parish Finance Councils will follow established Archdiocesan Guidelines and participate in Archdiocesan training sessions for priests, administrators and Parish Finance Council members.
- F. All parishes will participate in a coordinated payroll system in order to ensure that all employees receive proper benefits and in order to guarantee full compliance with ever more complex laws on taxes and employee benefits. No employee will be paid outside of the coordinated payroll system.
- G. All parish financial activities will be the subject of regular independent audits or reviews.
- H. All parish accounts in financial institutions will be included on the annual parish financial report and subject to the audit-review process. The Archdiocese will obtain comprehensive lists of all parish accounts from financial institutions and will compare the listing of the accounts with the listings contained on the annual parish reports.

Section B.  
Parish Finance Council Guidelines

## PARISH FINANCE COUNCILS

- A.** The Revised Code of Canon Law mandates a Parish Finance Council in each parish. The role of the Parish Finance Council is to assist and advise the Pastor in overseeing and controlling the financial affairs of the parish. The Parish Finance Council is accountable to the Pastor, who has the responsibility for final decisions. It is understood that if the advice of the Parish Finance Council is unanimous on a given matter, the Pastor will give serious consideration to the recommendation and not lightly reject it.

- B.** Structure of the Parish Finance Council.

Members shall be appointed by the Pastor and must be active Catholic members of the parish. Members should be skilled in business and have some expertise in management, financial, accounting, legal, fund raising or related fields. The membership of the Council cannot include anyone who could have a conflict of interest from such affiliation, nor can any parish staff member or any relative of the Pastor be a member. There shall be at least three members.

Members shall serve for three years. The terms of the Parish Finance Council will be staggered to ensure continuity. Upon initial formation of the Parish Finance Council, the Pastor shall designate either a one, two or three year term, in succession, for each member that the Pastor appointed. Thereafter, members who are appointed or re-appointed shall serve for three years. In the event a member resigns or is removed by the Pastor for a just cause, the replacement shall assume the remainder of the term of the replaced member. The Pastor shall appoint the Chairperson. Other officers may be appointed at the discretion of the Pastor. When a pastorate becomes vacant, the Parish Finance Council ceases to exist.

- C.** Functions of the Parish Finance Council.

The Pastor is responsible for financial decisions and will establish balanced operating budgets for the parish and school in consultation with the Parish Finance Council. The Pastor should also develop in consultation with the Parish Finance Council an annual capital expenditures budget including sources of funds. The actual income and expenditures of the parish should be compared monthly and reviewed by the Parish Finance Council at least quarterly.

The members of the Parish Finance Council must be given complete access to all records and documents relating to the financial status and operations of the parish. The Pastor must consult the Parish Financial Council concerning any major commitment of parish funds in excess of \$10,000, or a series of small amounts for a single purpose that will exceed \$10,000. In conjunction with these functions the Parish Finance Council shall do the following:

- 1.** Establish a timeline for budget development and implementation by the parish staff.

2. Review proposed operating and capital budgets.
3. Review significant budget variances and develop a plan of action, if necessary, to correct the problem(s) or amend the budget.
4. Review proposed expenditures which are not included in the approved budget.
5. Review and recommend approval or disapproval of proposed budgets from individual parish organizations having substantial sources of income (i.e. Men's Club, Women's Club, Bingo, Scrip, Boosters, etc.). Financial statements for these organizations and activities shall be submitted to the Parish Finance Council at least annually.
6. Provide parishioners with an approved budget and periodic financial statements, at least annually.
7. Review the annual financial statements published to parishioners and submitted to the Chancery Office for accuracy and completeness. The reports must agree with the books of record and must be accurate. If necessary, supplemental information can be included as a footnote to the reports.
8. Ascertain that the parish follows the Archdiocesan uniform chart of accounts to facilitate reporting to parishioners, the Parish Finance Council, and the Archdiocese.
9. Ascertain that the parish follows established internal accounting controls as specified by the Archdiocese.
10. Follow established Archdiocesan guidelines and participate in Archdiocesan training sessions for priests, administrators and Parish Finance Council Members.
11. Ascertain that all employees are included in the Archdiocesan coordinated payroll system in order to ensure that all employees receive proper benefits and in order to guarantee full compliance with ever more complex laws on taxes and employee benefits. The Parish Finance Council should ascertain that no employee is paid outside of the coordinated payroll system.
12. Ascertain that Independent Contractors comply with Internal Revenue Service regulations.
13. Ascertain that all parish cash with financial institutions is included on the annual parish financial report.
14. Study sources of parish revenue, make recommendations for maintaining and enhancing parish revenue, assist in the development of programs and processes to that end, and coordinate fund raising programs.
  - a) Oversee and review fund raising programs and expenditures for the parish, school and affiliated groups/organizations.
  - b) In conjunction with the Parish Council, educate parishioners with regard to stewardship.
15. Review all banking and financial institution arrangements, bookkeeping procedures, capital expenditures and contracts of a fiscal nature subject to Archdiocesan regulations. Make recommendations for improvements or changes subject to Archdiocesan Regulations or Policies.

- 16.** Advise the Pastor in financial and budgeting aspects of managing and caring for the parish buildings and equipment. Assist the Pastor in evaluating deferred maintenance and the development of a long range capital improvement budget.
- D.** Meetings of the Parish Finance Council

The Parish Finance Council shall meet at least on a quarterly basis, preferably monthly. Special meetings of the Parish Finance Council may be called by the Pastor. There shall be a written record of the actions taken at the Parish Finance Council meetings.

Section C.  
Internal Accounting Controls for  
Parishes and Schools

# **INTERNAL ACCOUNTING CONTROLS FOR PARISHES AND SCHOOLS**

## **A. Bank Accounts**

1. All bank accounts must bear the parish/school name. No bank accounts shall be in the name of the Pastor or an individual(s).
2. All parish/school funds must be deposited only in accounts that bear the Parish name.
3. Bank accounts in the name of the parish/school may be opened or established only by decision of the Pastor and approved in writing by the Archbishop or his designated Attorney-in-fact. The Pastor must be a signatory on all parish/school accounts.
4. The number of bank accounts should be kept at a minimum. A list of all bank accounts must be given to the Parish Financial Council.
5. At his request, the Pastor or his delegate may receive unopened bank statements. This person should then scan the statements and the enclosed canceled checks for unusual items prior to forwarding the statement for reconciliation.
6. The reconciliation should be performed each month by someone who does not have access to cash. In those instances where it is impossible to comply with this requirement, an independent review of the reconciliation shall be made by another member of that organization. Reconciliations may be reviewed periodically by the Parish Finance Council.
7. All unused checks should be safeguarded in a safe or locked cabinet.
8. Parish surplus funds, defined as amounts in excess of two months non-school operating cash expenditures of the parish for the previous fiscal year, must be deposited in the Capital Assets Support Corporation Parish Deposit and Loan Fund in accordance with Policy on Investment of Parish Surplus Funds.
9. Elementary school surplus funds, defined as amounts in excess of two months school operating expenses for the previous fiscal year, must be deposited in the Capital Assets Support Corporation Parish Deposit and Loan Fund in accordance with Policy on Investment of Parish Surplus Funds

## **B. Cash Disbursements**

1. All expenditures shall be consistent with and within the budget limits approved by the Pastor and the Parish Finance Council. If possible, proposed significant expenditures beyond budget limits and non-budgeted items should be approved in advance by the Parish Finance Council and the Pastor, otherwise, especially in emergency situations, they should be advised as soon as possible of such expenditures.
2. Pre-numbered checks should be used and numerical control maintained. Voided checks should be accounted in the monthly reconciliation.
3. All check disbursements in excess of \$500 require two signatures. Bank signature cards signifying the approved signers must be on file in the parish office.
4. It is never permissible to pre-sign blank checks.
5. Checks shall be prepared from approved invoices or check requests. Check requests should be supported by receipts or other appropriate documents indicating for what the expenditure was made. Some notation in writing should be made on the invoice or check request indicating that goods were received or services performed. Invoices should be reviewed for terms, prices, extensions and compared with the check request by the bookkeeper and/or administrative assistant.
6. Check signers should review the supporting data and approvals on the check requests/invoices prior to signing the checks.

## **C. Cash Receipts**

1. Mail should be opened by someone other than the person responsible for recording cash receipts. Checks received must be listed and endorsed "for deposit only" before being turned over to the person responsible for deposit.
2. The person responsible for making the deposit (i.e. the person who prepares the deposit slip) should be someone other than the person responsible for recording cash receipts.
3. All receipts should be maintained in a locked file cabinet or safe until deposited. Only the Pastor or his delegated agents should have the combination to this safe or the key to the locked file.
4. Cash receipts must be recorded and deposited intact as soon as possible. Copies of deposit slips must be maintained.

5. No checks made payable to the parish, its school or any of its organizations may be endorsed and converted into cash, nor deposited in accounts other than parish accounts.
6. It is expected that the foregoing procedures will also be applied to tuition collected by parish schools and any monies collected by parish organizations.

**D. Petty Cash Funds**

1. Petty cash funds should be maintained on an imprest basis and periodically replenished for exactly the amount of expenditures from the fund. Imprest basis means that at all times the sum of the cash on hand and the disbursement forms/invoices equals the total amount that is supposed to be in the fund. The size of the fund should be determined by its activity, but can not exceed \$500 except for bingo.
2. The fund should be in the sole custody of a single employee. The custodian should balance the fund at least monthly, and periodically, the Pastor or his delegate should count the fund on a surprise basis.
3. Disbursements from the fund should be supported by petty cash disbursement forms which should be either typewritten or prepared in ink. All supporting data should be attached to the voucher. Upon reimbursement of the fund, every disbursement form (and supporting data) covered by the reimbursing check should be reviewed for reasonableness and canceled in such a manner as to preclude reuse.
4. The petty cash fund should be recorded as a cash account. Cash should be relieved and expense recorded when the petty cash disbursements forms are submitted and the fund is reimbursed.

**E. Budgets**

1. Each parish organization and cost center (e.g. school, rectory, hall) must prepare an annual revenue and expense budget for usage in guiding the parish through the coming fiscal year's financial transactions. All necessary maintenance items should be included.

2. A one-year and five-year capital budget should be prepared for all expected and planned capital improvements, including existing and planned sources of funds to be used to pay for such improvements.
3. All budgets must be completed and submitted for review and approval to the Parish Finance Council in time for a spring meeting, except the school budget which must be submitted to the Council after it has been approved by the School Board or (similar body) and prior to being submitted to the Archdiocesan School Department.
4. All budgets should be balanced or result in a surplus. In those instances where it is not possible to balance the budget, the sources of funds (e.g. savings, loans) to be used to balance the budget should be identified and approved by the Pastor after consultation with the Parish Finance Council. Any subsidies requested by the school, parish organizations etc. must be approved by the Pastor after consultation and review by the Parish Finance Council.
5. Final approval of all budgets is the responsibility of the Pastor after consultation with the Parish Finance Council.

**F. Financial Reports**

1. Financial reports should be submitted on at least a quarterly basis (preferably monthly) to the Pastor and the Parish Finance Council in order to keep them fully informed on the current and future financial condition of parish activities.
2. The financial reports should be prepared on a cumulative year-to-date basis and compare actual revenue and expense items to budgeted amounts. Significant variations from budget and any unbudgeted items incurred should be explained. The reports should also include the beginning and ending cash balances.
3. A copy of the parish annual report must be submitted to the Chancery Office by August 31 for each year. A copy shall be given to the Parish Finance Council.
4. A copy of the parish school's annual financial report must be submitted to the Archdiocesan Department of Education in August of each year. The report must be submitted to the Pastor and to the Parish Finance Council for approval before submission to the Archdiocesan Department of Education.

5. All parish organizations shall prepare an annual financial report and submit it to the Pastor and the Parish Finance Council by August 31 of each year.
6. Financial statements and supporting records of all parish entities are subject to review and examination by the Parish Finance Council at their discretion.

**G. Payroll**

1. All parish and school employees without exception, will be paid through the Archdiocesan coordinated payroll system.
2. All appropriate federal forms, including W-4's and I-9's, must be filed in each employee's personnel folder.

**H. Offertory Collection Handling**

1. A parish representative other than a member of the Collection Committee will place an ample supply of the tamper-proof pre-numbered recyclable plastic bags in the church prior to the day's service. He will insure that the bag numbers are in numerical sequence and no numbers are missing.
2. The parish ushers at each service will place the offertory collections in bags.
3. The Collection Count Committee will keep a log of the numerical sequence of the bags. All missing bag numbers and out of sequence situations will be researched by the Collection Count Committee at time of counting the collections.

**I. Collection Counting**

1. Collections should be counted and checks endorsed for deposit as soon as possible.
2. A Collection Count Committee must be established in sufficient number to count collections as expeditiously as possible. In setting up the Count Committee, the selection of members should be considered
3. Cash count procedures should be in writing and furnished to each member of the Collection Count Committee.

Collections should be recounted by another member and they should agree on the total.

The amount of offering should be indicated on the outside of the envelope for subsequent posting to parishioner statements. Loose checks should be listed for subsequent postings to parishioner statements.

The count results should be written in ink onto a standard count form and the deposit slip forwarded directly to the Pastor and the bookkeeper.

All Archdiocesan and national collections should be remitted to the Chancery Office as soon as possible, but no later than one month after the collection was taken.

The Parish Finance Council should perform a periodic review to determine that proper control is being exercised over the collection count by:

Tracing the copy of the deposit slip to the collection count record.

Ascertaining that two members of the count committee have signed for the count.

Tracing collection deposits to bank statements and ascertain that deposits were made in a timely manner.

Determining that procedures for handling mail receipts are being followed.

Determining that special collections have been remitted properly to the Chancery Office on a timely basis.

## **J. Fund Raising Activities**

1. The reason for each new fund activity should be submitted for approval to the Pastor and the Parish Finance Council before the activity is started.
2. Every parish entity should use adequate control procedures for all fund raising activities. For activities such as bingo and scrip, it is essential that controls over inventories be established.

3. Fund raising activities should be included in the budget. If the profits of an activity are to benefit another parish entity (e.g. parish, school, etc.), the other entity should include this amount in its budget.

Section D.  
Stewardship and Development

# STEWARDSHIP & DEVELOPMENT PROGRAM POLICIES AND PROCEDURES

## I. INTRODUCTION

- A. The Stewardship Program recommended by the Archdiocese offers three benefits to the parish:

*Increased Understanding of Christian Stewardship*  
*Increased Volunteers for Parish Ministries*  
*Increased Weekly Offertory Contributions*

Stewardship education helps parishioners to recognize that everything we have -- our time on this earth, our talents and abilities, and our material resources are gifts from a loving God. These gifts are not ours to use as we please. As Christians, we are obligated in thanksgiving to God to develop our gifts, and to return a just portion to further the teachings of Christ through the teachings of the Church. The Stewardship concept reverses the reason for support of the Church. In Stewardship, the contribution of time or money becomes a subjective personal commitment, rather than giving time, talent or treasure solely for the objective "needs" of the Church. The challenge of the parish is to forge a meaningful connection between the biblical and theological basis of Stewardship and the practice of Christian Stewardship in the daily lives of people. With a well trained, permanent Stewardship Committee, the Pastor can help parishioners understand the bond between the theology and the practice of Stewardship. This mission is what God calls us to do.

## II. DEVELOPMENT POLICY

### A. Premise

*As disciples of Christ, Catholics recognize God as the origin of life, and source of all we possess. Our resources exist not only to fulfill our own needs, but also to serve others. Therefore, we are obligated as stewards to receive God's gifts gratefully, cultivate them responsibly, and share them in justice with others.*

*Catholics are also collaborators and cooperators in the redemptive work of Jesus Christ. This is the fundamental mission of the Church: to proclaim and teach, to serve and sanctify. Catholics demonstrate their unity and collaboration in the works of the Church through the stewardship of their time, their talents and their financial resources. The fund-raising ministry of all Catholic Schools, Agencies and Parishes is an apostolic activity and based upon scripture and gospel values.*

## **B. Introduction**

The Development Policy recognizes the expertise and accomplishments of the Catholic schools, Archdiocesan offices, agencies, and parishes in their fund-raising ministry. The Policy exists to serve the interests of these entities, and the individual leaders and donors who participate in various appeals.

The Policy considers the views of the development executives of the Catholic schools and agencies, and the Archbishop's Stewardship Council of Priests, who represent the parishes of the Archdiocese.

The goal of the Policy is to achieve unity and cooperation, and to foster gospel values and Christian stewardship in the fund-raising activities of all Catholic entities under the jurisdiction of the Archbishop.

*"Make every effort to preserve unity. There is one Lord, one faith, one baptism, one God who is over all and works through all." Ephesians 4:4-6*

*"As each one has received a gift, use it to serve one another as good stewards of God's varied grace." 1 Peter 4:10*

The Policy considers the Code of Ethics and recommended practices of the National Catholic Stewardship Council and National Catholic Development Conference, the National Society of Fund Raising Executives, and the American Association of Fund Raising Counsel.

## **C. Institutions Covered**

The Archbishop has appointed the Director of Stewardship to administer the Policy among all parishes and missions, schools, (Archdiocesan elementary and high schools), Archdiocesan agencies, departments, offices and apostolates, the Catholic Youth Organization, Catholic Charities, and St. Patrick's Seminary.

The policy shall not apply to: Catholic hospitals, Catholic colleges and universities, St. Vincent de Paul Society, and those Catholic schools not operated by the Archdiocese; *except where their fund-raising activities are contrary to Catholic faith and morals.*

The policy requests these institutions to apprise the Archbishop of their fund-raising plans in conformance with Canon 1265 of the Code of Canon Law.

*Religious mendicants, or private persons whether physical or juridic are forbidden to raise funds for any pious or ecclesiastical institution or purpose without the written permission of their own ordinary and that of the local ordinary."*

#### **D. Responsibilities of the Stewardship Office**

In accordance with official Archdiocesan policy, the Stewardship Office is responsible for Stewardship education and development activities in the Archdiocese. Activities include the stewardship education, development policy, general fundraising advice, the Archbishop's Annual Appeal, planned giving (wills, bequests and properties), and general counsel to parishes and Archdiocesan agencies (i.e. Catholic schools, Catholic Charities).

The Policy calls all Catholic schools, Archdiocesan offices, apostolates, agencies and parishes to cooperate and assist the Stewardship Office in carrying out the following responsibilities:

- To encourage all Catholic entities to use ethical, standard fund-raising practices that will bring credit to their ministry and will enhance the good image of all Catholic schools, agencies and parishes in the Archdiocese.
- To ensure preferential concern for the interests of all Catholics and those of other faiths who participate in appeals as volunteers and/or donors.
- To confer with all entities at least once a year and review needs, plans and activities. This review can take place by site visits, meetings at the Stewardship Office, conferences, telephone, group discussions or surveys.
- To review and provide recommendations regarding proposals of \$100,000 or more to individuals, foundations, corporations and associations.
- To sponsor an annual seminar regarding development and stewardship activities such as: Planned Giving, Capital Campaigns, Annual Funds, Special Events, Direct Mail, Major Gifts, Foundation and Corporate Giving.

#### **E. Archbishop's Annual Appeal**

Every parish and mission is allocated a share of the total Archdiocesan Assessment. These assessments are set by the Archbishop's Stewardship Council, based upon the individual circumstances of each parish. Pastors are advised of their parish's assessment for the following calendar year in a letter from the Archbishop in late November.

In order to meet their assessments, parishes are asked to undertake an actual fund-raising campaign. Materials for the campaign (brochures, posters and envelopes) are provided to the parishes by the Stewardship Office. Parishes which utilize these materials and conduct campaigns according to the recommended guidelines have found in many cases that this proven method is very effective in raising not only the entire assessment, but additional funds as well. Many parishes use the AAA as their own fund-raising campaign to meet parish needs. All funds raised by parishes in excess of their assessments are returned to the parish for its special needs. For further information, please consult your parish copies of *Stewardship Program: Guidelines and Materials for Increased Offertory Income and New Volunteers through Stewardship Education and Sacrificial Giving* and *AAA Guidelines for Parish Leaders*

**F. Development Activities in our Parishes and Schools**

1. **Large Donations:** At the time a donation of \$100,000 or more is received by a parish or an Archdiocesan school, the Archbishop is to be notified in writing, with a copy to the Moderator of the Curia and the Director of Development. Please include donations of lesser amounts if you think the Archbishop should be made aware of them.

***Purpose:** The Archbishop should be offered the opportunity to thank those who have been most supportive of the works of the Archdiocese.*

Each year by June 30th and December 31st, please provide a comprehensive list, for the previous six months, of major donations that have been received by your parish or school. Additionally, by September 30th please submit your annual parish/parish-school financial report for the previous June 30th year-end. The annual financial reporting form (Schedule 16) will now include a section in which donations of \$100,000 or more are to be listed.

2. **Gifts from Foundations:** Information related to donations received from foundations or that result from a written grant proposal are to be reported to the Director of Development and to the Moderator of the Curia.

***Purpose:** The staff of the Development Office will aggregate total donations by each foundation or grantor to provide an archdiocesan-wide view of such donations.*

By September 30th please submit your annual parish/parish-school financial report for the previous June 30th year-end. The annual financial report for parish-schools is to include (in the Schedule 16) a list of donations received from foundations and grantors.

3. **Donor-advised funds, Restricted gifts, and Multiple-locations gifts:** **Donor-advised fund** is a public charity that donates funds on behalf of one of its

donors. **Restricted Gifts** may include restrictions on the use of vendors or service providers, time limits on the use of the funds, or other terms that restrict or bind. **Multiple location gifts** are gifts received that are for multiple locations such as both a parish and a school, two parishes, etc.

Before these types of gifts are received they must first be approved by the Development Office, General Counsel, and the Chief Financial Officer.

***Purpose:** some donations may include restrictions that would adversely impact our non-profit tax status. Further, gift requirement may be so strict as to result in fines, penalties, or in a tarnishing of the reputation of the Archdiocese.*

#### **G. Procedure for Approval of a Capital or Endowment Campaign**

The following procedure will facilitate the approval of a capital or endowment campaign:

The school or parish school, agency, department or parish seeking funds should prepare a statement and plan outlining the capital and endowment needs and costs. The statement and plan should have the approval of the appropriate person responsible for the school, parish school, agency, department or parish seeking funds (e.g. a Pastor would have the authority over both the parish and the parish school.)

The entity should present the case statement and plan to the appropriate Archdiocesan authorities (*Office of Education, Building Committee, etc.*) for approval in accordance with the procedures of the authority.

Upon approval by the Archdiocesan authority, the entity should present the statement and plan to the Stewardship Office. The Office will provide a prompt report of approval or remedial steps necessary for approval.

The Stewardship Office will recommend that a pre-campaign survey of leadership and donor potential be undertaken, before approving the announcement of a campaign.

Upon completion of the preliminary survey, the entity should present the results to the Stewardship Office for review. The Office will provide a prompt report of approval or remedial steps necessary for approval.

## **H. Use of Professional Counsel**

The following policy will aid in selecting professional counsel:

All Catholic schools, agencies, offices, apostolates and parishes are free to select outside professional fund-raising counsel of their choice, in accordance with the principles and guidelines as established by the American Bishops.

All entities are encouraged to include their Board of Directors or appropriate councils or committees in the selection process.

All entities are encouraged to consider companies or consultants who subscribe to the Code of Ethical Guidelines of:

(Companies) *The American Association of Fund Raising Counsel (AAFRC)*

or

(Consultants) *The National Society of Fund Raising Executives (NSFRE)*

and

*The National Catholic Stewardship Council and the National Catholic Development Conference*

All entities that prefer a company or a consultant who is not a member of the AAFRC or the NSFRE are asked to provide the Stewardship Office with the credentials and references of the candidate before a contract is signed by a Vicar General. The Stewardship Office will prepare a prompt recommendation relating to the qualifications of the company or the consultant.

The Stewardship Office can best administer this Development Policy with the cooperation of all entities under the jurisdiction of the Archdiocese. This cooperation will ensure that the best interests of all volunteers, leaders and donors will be served, and the good reputation of all entities and the Archdiocese will be protected.

## **III. POLICIES FOR THE ACCEPTANCE OF GIFTS OF REAL ESTATE**

Gifts of real estate, including all forms of interests in real property, may be accepted on behalf of the Archdiocese and its parishes in accordance with these policies, with exceptions allowed as stated below.

- A.** *Authority to Accept Gifts of Real Estate.* The following officers of the Archdiocese are authorized to accept gifts of real estate that are permitted by these policies: The Archbishop or his corporate legal delegate acting in consultation with the Stewardship Office, the Real Estate Office and the Finance Office.
- B.** *Conditions for Acceptance:* A gift of real estate may be accepted only under the following conditions:
1. It is to be used by the Archdiocese in connection with established or specifically approved programs or activities; or
  2. It is to be held for the production of income; or
  3. It is to be sold with the proceeds used for the general purposes of the Archdiocese, or as provided by the donor.

The Archdiocese will not accept property that would jeopardize its tax-exempt status

- C.** *Conditions Affecting Acceptance:*
1. If the property is to be used by the Archdiocese, it shall be in good physical condition. If it is not in compliance with applicable building, health, and safety codes, or requires repairs or improvements, a source of funds for the costs of bringing the property into compliance must be identified prior to acceptance.
  2. The proposed use must be lawful and consistent with the previously approved strategic plans of the Archdiocese involving the use or acquisition of real property.
  3. If the property is to be held for the production of income, a *pro forma* positive cash flow analysis must compare favorably to the amount of income that would be obtained if the property were sold and the proceeds invested as a part of the general endowment pool.
  4. If the property is to be sold, it should be marketable within a reasonably short period of time. Acceptance of offers to purchase property from the Archdiocese requires the signature of the Archbishop or his corporate legal delegate, after consultation with the Stewardship Office, the Real Estate Office and the Finance Office.

In rare circumstances, the Archdiocese may consider financing the sale or carrying-back a portion of the purchase price for a credit-worthy purchaser at an interest rate that is comparable with other Archdiocesan investments and is subject to other appropriate terms and conditions. The terms shall be approved in writing and approved in advance by the Archbishop or his corporate legal delegate, after consultation with the Stewardship Office, the Real Estate Office and the Finance Office.

**D.** *Procedure:* Prior to formal acceptance, the following shall be obtained by Archdiocesan staff:

1. Preliminary title report covering the subject property (the title report shall reflect that title is vested in the donor in the form represented, and is subject to no claims, liabilities, or major defects of title);
2. A suitable property valuation. The donor may be asked to pay the costs associated with obtaining any necessary final appraisal.
3. A list of improvements to the property;
4. A current list of leases, if any;
5. A list of encumbrances, liens, and current expenses, if any;
6. A commitment for title insurance; and
7. A physical inspection of the property by an employee, agent of, or consultant to the Archdiocese.

Conditional acceptance may be made subject to satisfactory completion of each of the foregoing.

**E.** *Hazardous Waste Considerations.* Prior to formal acceptance, a “Phase One” (as defined by the Real Estate Office of the Archdiocese) must be made by an individual or firm competent to advise the Archdiocese whether further investigation is needed.

**F.** *Grant Deed.* Upon acceptance of the gift of real estate, it is the responsibility of the Real Estate Office to insure that the grant deed is properly conveyed to the Archdiocese. This includes having the donor sign the deed and recording it with the appropriate county. The Archbishop or his delegate has responsibility for the proper safeguarding of all deeds.

**G.** *Internal Revenue Service Form 8283.* The internal Revenue Service requires that Form 8283 be completed so as to be filed with the donor's tax return.

Upon acceptance, the Stewardship Office will be responsible for completing the "Donee Acknowledgment Section" of IRS Form 8283, mailing the original form to the donor and a copy to the Archbishop or his delegate.

- H.** *Internal Revenue Service Form 8282.* The Internal Revenue Service requires that Form 8282 be completed and filed (with respect to any real estate for which a Form 8283 has been filed) when that property is disposed of by the donee institution within two years of the date of gift. Upon disposition, the Real Estate Office of the Archdiocese will be responsible for filing Form 8282 in a timely manner.
- I.** *Maintenance, Upkeep, Insurance, etc.* Prior to acceptance of any gift of real estate, a source of funds must be identified for maintenance, upkeep, insurance, etc. of the donated property.
- J.** *Life Estates.*

  - 1. *Simple Life Estate Agreements:* In the case of property donated to the Archdiocese subject to a life estate, the life tenant shall enter into an agreement in writing providing that the life tenant shall pay all the costs of maintenance and upkeep of the property including but not limited to repairs, improvements, taxes, insurance, etc.
  - 2. *Life Estate with Lump Sum or Series of Payments:* If the life tenant is also to receive a lump sum payment or a series of payments, a financial analysis will be done to determine the return on investment to the Archdiocese. The analysis will include the life tenant's life expectancy, projected appreciation rate of the property, and estimates of future interest rates. Donor-authorized impounds from the lump sum will be necessary to cover maintenance, upkeep, insurance, property taxes, etc.
- K.** *Cost Recovery.* Funds to cover costs such as appraisals, hazardous substance assessments, taxes, insurance, maintenance, and unanticipated expenses may be advanced from other funds of the Archdiocese and recovered at the time disposition of the property is made. The cost of recovery shall include interest on Archdiocesan funds, normally equal to earnings of funds operating as endowment. Donors shall be advised of this policy.
- L.** *Documentation of Acceptance of Property.* It is the responsibility of the Stewardship Office to secure acceptance from any of those parties authorized to accept property (see above) and assure documentation of acceptance. Documentation may be in the form of a memo to the file or more formally by letter.
- M.** *Exception Procedure.* Exceptions to these policies may be made by the Archbishop or his corporate legal delegate when such exceptions are deemed to

be in the best interest of the Archdiocese. Such exceptions shall be in writing and set forth the basis of the exception.

## **V. POLICY ON SPECIAL FUND RAISING ACTIVITIES**

A growing number of corporations and commercial enterprises are offering financial incentives to parishes, schools and Archdiocesan institutions. These offers pertain to various telephone services, private insurance packages, household and personal products, banking services, credit cards, and the like.

Any form of express or implied endorsement or promotion of a commercial enterprise or its product or service which encourages parishioners or other constituents to purchase the goods or services puts the parish, school or institution in the position of favoring one business over another for commercial benefit. This includes announcements, meetings, letters, sharing of mailing lists or other arrangements. A parish, school or institution that accepts these incentives risks being subject to unrelated business income tax liability as determined by the Internal Revenue Service.

In some situations there may even be conflicts of interest, such as the case where an employee, volunteer, or council/board member also works for the commercial enterprise involved. It is important that the Church remain above reproach in connection with the business affairs of others.

In addition, in the event of a customer's dissatisfaction or consumer complaint with respect to the product or service, or if any harm comes to an individual as a result of the product or service that was "endorsed by the Church", the parish, school, or institution, and the Archdiocese could be faced with adverse publicity and possibly even lawsuits.

**More importantly, however, the Archbishop, in consultation with his staff, has determined that the Archdiocese and its parishes, schools or institutions must avoid any perception that the Church is "for sale". Therefore, involvement with such programs is prohibited. This prohibition is also based upon "strong caution" from the Archdiocesan attorney and his Legal Affairs Advisory Board as well as the Office of General Counsel of the United States Catholic Conference.**

There is nothing wrong with a company or any vendor publicly or unilaterally announcing (e.g. through a television or radio ad or parish bulletin advertisement) that it will voluntarily remit a percentage of sales to a charity. Nor is there anything wrong with a company donating, on an unconditional basis, money, goods or services for an event and for the parish, school or institution to publish a simple, unsolicited acknowledgment of its gratefulness for any such donation.

Hopefully the above guidelines will be of assistance to you in the event that you receive inquiries from companies or vendors. Should you have any doubts about a particular proposed arrangement, please contact the Stewardship Office.

Section E.  
Investment of Surplus Funds

# **POLICY ON INVESTMENT OF SURPLUS FUNDS**

## **A. Introduction**

It is critically important that parishes use and invest their funds wisely in order to provide good fiscal management, sound investment and public accountability. Traditionally, the primary vehicle for the investment of parish funds has been the Archdiocese of San Francisco Capital Assets Support Corporation (CASC) Deposit and Loan Fund. This fund is designed to provide a safe investment vehicle for parish assets, as well as to provide a low interest rate for parishes which need funds to expand their parish plants and/or pay for major maintenance projects. Every parish has benefited from the CASC Deposit and Loan Fund in the past, and every parish has a responsibility to see to the maintenance of this fund which has contributed so enormously to the common good of the Archdiocese as a whole.

The Archdiocese has also directed parishes and parochial schools to transfer surplus and endowed funds to a managed investment program at the Capital Assets Support Corporation. The primary reason for this pooled investment program has been to provide a long term growth and income producing opportunity for parish and school programs.

No parish or school or agency or institution may invest funds in equities/bonds outside of the Capital Assets Support Corporation pooled investment program. Any parish, school, agency or institution which reserves stocks as a surplus must immediately convert that stock to cash.

## **B. Policy**

With this in mind, the following policies govern the handling of all parish and parochial school liquid assets:

1. Parishes have need for ready access to cash to sustain their normal parish and school operations. In order to provide for this, each parish may retain in outside commercial bank accounts or savings and loan bank accounts, an amount equivalent to two months of the non-school operating expenditures of the parish for the previous fiscal year.
2. A parish school may keep an amount up to two months operating expenses for the school for the previous fiscal year in a school checking account in a commercial bank or savings and loan institution.

3. All liquid assets of the parish or parochial school which exceed the amount specified in 1 and 2 above must be invested in the Capital Assets Support Corporation Deposit and Loan Fund.
4. Any parish which has deposited a total of one year's non-school parish operating expenditures for the previous fiscal year in the Capital Assets Support Corporation Deposit and Loan Fund may elect to invest any additional surplus funds either in the Capital Assets Support Corporation Deposit and Loan Fund or in the Capital Assets Support Corporation Investment Pool.
5. All funds belonging to duly constituted endowments of the Archdiocese must be invested in the Capital Assets Support Corporation Investment Pool within six months from receipt by the parish.
6. Most parishes and schools have organizations which substantially enrich the life of the parish by raising funds for organizational activities and by contributing to specific projects which benefit the parish as a whole.
  - Funds of parish/parochial school organizations are by civil and church law owned by the parish
  - It is preferable that parishes keep all parish and/or school organization funds in parish accounts with sub-funds on the parish books for each organization and disbursements and receipts conducted through the parish bookkeeping and disbursement process.
  - Alternatively, a Pastor may elect to allow parish and/or school organizations to maintain organizational checking accounts in commercial bank or savings and loan institutions. In such a case, the receipts and expenditures of the organization may be conducted by duly appointed officers of the organization, but all transactions must be recorded quarterly on the parish books. At no time should the balance of an organization's checking account exceed \$10,000. When an account reaches \$10,000 all funds over that amount should be transferred to the parish either as a gift to the parish or as funds held for the organization.
7. Withdrawals from the Capital Assets Support Corporation Deposit and Loan Fund can be made only with approval of the Pastor. Although funds will generally be paid by check to the parishes, withdrawn funds will be paid as the Pastor directs. Withdrawals of \$5,000 or less may be made at any time by a telephone call from the Pastor to the Capital Assets Support Corporation. Withdrawals in excess of \$5,000 must be requested in writing and will be promptly disbursed. To ensure the Fund's liquidity to meet loan and other withdrawal demands, requests in excess of \$50,000 must be made in writing at least 15 days before the funds are needed.
8. Withdrawals from the Capital Assets Support Corporation Investment Pool in excess of the annual distribution percentage may be made with the written authorization of the Pastor in minimum amounts of \$1,000 within the first five

days of any calendar quarter. To ensure that adequate time is given for the investment managers to have liquid assets for the distribution, withdrawal requests in excess of \$50,000 must be made in writing at least 30 days before the end of the quarter when the funds are needed.

### **C. Description Of Restricted/Unrestricted Funds**

Surplus parish/parochial school funds fall into several different categories which govern their legitimate use.

Restricted funds are those assets received by the parish/parochial school for a specific purpose which the donor specified at the time of the gift. There are two major categories of restricted funds:

Endowments are gifts which specifically provide that the principal of the gift cannot be used and that the income generated from these funds must be used for a specific purpose. Income is defined as net realized gains (dividends, interest, gains/losses on sales of assets) and unrealized gains (market appreciation of stocks, bonds still held in an investment portfolio and increases in the unit value of funds transferred to the Capital Assets Support Corporation Investment Pool).

Restricted gifts which have no endowment provision are gifts which allow the depletion of the principal, as well as, any income (if so noted by the donor) for the purpose specified in the donor's gift

It is not legitimate to use or borrow against these restricted funds for use or for other purpose.

Unrestricted funds are gifts which were not restricted to a specific purpose by the donor at the time of the gift. Unrestricted funds constitute general funds of the parish/school. They cannot be bindingly designated as to future use even by the Pastor.

Section F.  
Endowments

# ENDOWMENTS

## I. SCHOOL ENDOWMENTS

### A. Preface:

The Archdiocesan Pastoral Plan calls for the development of adequate endowment funds to assure the viability and affordability of education in the Catholic Schools. These policies and procedures have been developed to facilitate and govern the establishment and operation of school endowment funds (which include parish elementary schools as well as the Archdiocesan elementary and high schools). Schools should refrain from creating excess numbers of endowments in order to avoid unnecessary confusion and "competition".

### B. Definition of Endowment:

Misunderstandings can arise in the absence of a clear perspective as to the nature, scope and intent behind funds which are classified as "endowment funds". The word "endow" means "to provide with income or a source of income." The idea is that the principal of a fund will remain intact and only the income (including "accrued total return" or "capital appreciation") generated from the investment of the principal will be utilized to serve a defined purpose or purposes.

An endowment is distinguishable from a donor "restricted fund", which simply requires that the monies placed in the particular fund be used for a specific purpose, as in the case of a donor leaving property or money in his/her will. Another example would be a second Sunday collection such as the "Peter's Pence" or St. Vincent de Paul collection. [Note: In some instances a donor may specifically condition that a restricted gift of money be established as an endowment.] A true endowment fund as well as a restricted fund, properly accepted and acknowledged by the Archbishop or his legally authorized corporate delegate, must be used for its specified purpose.

In order to be valid, a formal endowment must be approved in writing by the Archbishop of San Francisco. A standard, basic form, will be utilized. The form sets forth the conditions surrounding the establishment, responsibility for, use of funds, management and investment, and conditions for dissolution of the fund. General, unrestricted parish funds may not be used to establish or add to an endowment fund. Once funds are placed in an authorized endowment they may not be removed. All School Endowment funds shall be invested in the Archdiocesan Investment Pool. The Advisory Committee for each fund shall have the ability to assist Pastor/Administrator in choosing from among several investment strategies/managers which will be made available through the Investment Pool.

In sum, no Pastor or Administrator has the authority to unilaterally set up an endowment. When questions arise in these areas they should be directed to the Stewardship Office in advance of any proposed action.

## II. PARISH ENDOWMENTS

### A. Preface:

The Archdiocesan Pastoral Plan calls for the development of adequate endowment funds to assure the viability and affordability of education in the Catholic Schools. The Plan does not specifically address the subject of Non-School endowments, such as those designed to benefit the general or special operations of a parish. For this reason, and because the philosophy behind the need to establish school endowments (e.g. keeping Catholic education affordable for all) differs in some ways from that of the parishes, separate Policies and Procedures have been developed.

### B. Policy & Approval Procedure:

Unrestricted parish funds which a Pastor may envision for particular purposes shall be treated as "designated funds", not "endowments" or "restricted" funds. Donors can be encouraged to support the general works of the parish, or to restrict their gift for a particular parish use, without the need to establish an endowment. These principles are particularly important where there is a parish school endowment, in which case the creation of multiple "endowments" can cause unnecessary intra parish confusion and "competition".

As a matter of general policy then, the Archdiocese does not encourage the establishment of parish, as opposed to school, endowments. However, in those rare instances where the Archbishop does approve the establishment of a parish endowment, the following Policies and Procedures shall apply:

In order to be valid, a formal endowment must be approved in writing by the Archbishop of San Francisco. A standard, basic form, similar to the School Endowment form, will be utilized. The form sets forth the conditions surrounding the establishment, responsibility for, use of funds, management and investment, and conditions for dissolution of the fund. General, unrestricted parish funds may not be used to establish or add to an endowment fund. Once funds are placed in an authorized endowment they may not be removed. All Parish Endowment funds shall be invested in the Archdiocesan Investment Pool. Parish Advisory Councils shall have the ability to assist Pastors in choosing from among several investment strategies/managers which will be made available through the Investment Pool.

In sum, no Pastor has the authority to unilaterally set up an endowment. When questions arise in these areas they should be directed to the Stewardship Office in advance of any proposed action.

Section G.  
Loans

## FORMATION OF THE CAPITAL ASSETS SUPPORT CORPORATION:

On December 4, 2007 Archbishop George Niederauer announced the corporate restructuring within the Archdiocese of San Francisco. The Archbishop stated “with this corporate restructuring in place we can rededicate ourselves to being effective stewards of the Church’s people and goods”. Capital assets belonging to the parishes and schools under Church law have been segregated from the capital assets of the Archdiocese and are now entrusted to a distinct non-profit religious corporation, governed by a Board of clergy and laity, established expressly for the purpose of owning and managing those assets in accordance with the laws of the Church.

The Bylaws of the Corporation state that the corporation shall engage, solely and exclusively, in activities that shall support or benefit the Corporation Sole. Activities include the operation of a Parish Deposit and Loan Fund for the deposit of short term funds and prudent loans therefrom, all in accordance with enumerated policies and procedures.

## THE PARISH DEPOSIT AND LOAN FUND

### Purpose

- To provide a vehicle by which all of the parishes can assist one another.
- To provide a central loan fund from which prudent loans can be made at a reasonable rate of interest.
- To provide a central depository of surplus funds upon which a reasonable rate of interest can be earned.
- To provide a capable governance committee overseen by the Board of Directors of the Capital Assets Support Corporation and to administer the program in order to enhance the control, the safety and the efficiency of such deposits and loans.

### Loan Committee Charge and Charter

The Board of Directors shall establish a Parish Deposit and Loan Committee, consisting of directors and non-directors and appointed as the Board determines. Once appointed members shall serve at the pleasure of the Board. There shall always be a minimum of one Capital Assets Support Corporation Board member on this Committee. The Committee shall be advisory to the Board, and may not exercise the authority of the Board to make decisions on behalf of the Corporation but shall be restricted to making recommendations to the Board and implementing Board decisions and policies under the supervision and control of the Board. The Parish Deposit and Loan Committee shall consist of no less than seven members with at least three clergy members. The Executive Director is ex-officio.

### Membership Qualifications

At least one of the clergy members shall have had prior pastoral experience involving the acquisition and/or repayment of a Deposit and Loan obligation. There shall be at least three (3) Catholic secular members, expert in financial affairs and of outstanding integrity.

## Membership Terms

Membership appointment is for five (5) years, renewable, with a maximum of two consecutive terms.

## LOAN POLICY

One of the purposes of the Parish Deposit and Loan Fund is to assist parishes in their funding of various maintenance, new building projects and other funding needs. A pre-application and application must be completed before the loan process. For any loan requests greater than \$500,000 a joint committee of the Vicar For Administration, a member of the Capital Assets Support Corporation and the Real Property Support Corporation Board will assess the projects feasibility for a loan and share its findings with the Loan Committee and Board. The joint committee will take into account pastoral needs of the entity, construction feasibility and financial sustainability as well as preliminary determination of ability to repay.

### Loan Purpose

Ordinarily, the Committee will accept applications for the below purposes and no others and only after the preliminary approval (if greater than \$500,000) has been obtained:

1. Building a new church, rectory, convent, school, social hall or other building used by the parish community.
2. Remodeling, repairing or renovating any existing facility used by the parish community, including any facility leased or newly acquired by the parish.
3. Acquiring a new facility for use by the parish community.
4. Other loan requests to provide emergency working or operating capital to the parish community will be evaluated on a case-by-case basis. A repayment plan must accompany any such request.
5. A loan guaranteed by the Corporation Sole for an Archdiocese of San Francisco Parish/School mission driven purpose.

### Loan Duration

The fund is primarily intended to be a short term bridge financing tool for parishes and parish schools to use to get their project started as soon as possible but before all the funds are available. It is, however, not intended to be a long term financing tool in which the repayment period exceeds 10 years. Parishes and parish schools in planning their projects need to take into consideration many factors but mainly the ability to finance a project within a reasonable time period without burdening the parish's operating revenue.

### Maximum Loan Amount

The maximum loan amount is \$5,000,000 (Five Million Dollars).

### Maximum Exposure To One Borrower

The maximum exposure to one specific borrower shall be \$5,000,000 (Five Million Dollars). Notwithstanding the foregoing, the maximum exposure on loans to and guaranties from the Corporation Sole shall be \$10,000,000 (Ten Million Dollars).

### Equity Requirement

Parishes will be required to have a minimum of 40% of the proposed project cost on deposit with the Capital Assets Support Corporation, with an additional 35% in executed collectable pledges that are due within five years of execution. The funds will be advanced to the parish for a reasonable period of time, provided there is ample operating income to service the debt and there is a history of meeting the Parish's obligations in a timely manner.

### Interest Rates

The Parish Deposit and Loan Committee shall recommend at least annually to the Board of Directors whom will approve the standard rates for loans. Rates for loans shall be fixed at a rate of interest that is at least one percent over the rate paid for deposits. The Vicar for Administration can designate a parish or school as eligible for a "non-standard" borrowing rate and the committee may then elect to charge that entity the "non-standard" rate.

### Loans with No Financial Ability to Repay

Loans to entities that do not evidence the capacity to repay the requested loan shall not be made from the Parish Deposit and Loan Fund. If it becomes necessary to advance funds to an entity which may not be able to repay a loan, an alternate method of funding or appropriate guarantees from the Corporation Sole shall be requested.

### ADSF Policy Compliance

Loan applicants must be in compliance with the applicable provisions of the Parish & School Financial Policy, as promulgated by the Archdiocese of San Francisco.

### Capital Assets Support Corporation overall Policy Compliance

1. If a pastor is in his final two years of tenure as a pastor, a plan must be approved by the Vicar for Administration in consultation with the Vicar For Clergy, as to whether the parish can sustain the repayment of the loan after his departure.
2. If a loan is greater than \$500,000, a parish agreed upon procedures engagement by the Archdiocese of San Francisco recommended CPA firm must have been completed with no outstanding recommendations within at least two years from the loan application.
3. If a loan is greater than \$500,000 a parish must have timely prepared quarterly financial statements and no delinquent account payables.
4. The parish must have a functioning Finance Council.

## LOAN PROCEDURES

### Applicants

#### The Pre-Application Process

Prior to submitting a loan application to the Deposit & Loan Committee, the following steps shall have been completed in a joint meeting involving the representatives for the applicant, Vicar For Administration and representatives of RPSC and CASC:

1. The Pastor shall have obtained the conceptual stage approval by the Vicar For Administration. This approval should be obtained before any fund raising has commenced.
2. The project shall have obtained Real Property Support Corporation Building Committee approval.
3. The pastor has proven parish's preliminary financial sustainability and be in compliance with all pre- application Capital Assets Support Corporation requirements.
4. The pastor must provide a plan of financial viability for the whole project amount, not just the individual loan amount.

#### The Loan Application

In order to apply for a loan, the Pastor must complete and submit a loan application on the Committee's approved form. However, loan applications will not ordinarily be approved until the parish has at least 40% of the cost of the proposed project in cash on deposit with the Capital Assets Support Corporation, with an additional 35% in executed collectible pledges that are due within five years. In addition, a project budget should include the following estimates:

1. capital campaign budget including estimates of fundraising receipts and expenses,
2. soft costs directly related to the proposed improvements
3. hard costs (improvements include all construction costs, plus site preparation and furnishings/fixtures which may or may not be included in the contractor's bid) and
4. an interest budget that will carry the financing through the construction phase.

In addition, a post-completion budget should encompass the period from project completion through the period that pledges are expected to be received and applied to repayment of any loan. These projections should accompany the loan application when it is submitted for consideration. All information requested on the pre-application and application must be completed and the application must be signed by both the Pastor and the Chair of the Finance Council.

The fund will not loan to any parish which does not have a functioning Finance Council.

The application must be accompanied by copies of:

1. A repayment plan.
2. The parish's most recent Annual Financial Report.
3. The parish (and school) current budget with year-to-date actual figures.
4. A cash flow projection for at least five years, including debt service and interest on the project.
5. Facility Condition Assessment Report, prepared by the Real Property Support Corporation.
6. Schedule of executed pledges and due dates.
7. Certificate of Funds, signed by the Pastor and Capital Assets Support Corporation.

8. Copies of any estimates, bids, etc., received on the proposed work. The Pastor shall not accept a specific bid without prior approval from the Real Property Support Corporation.
9. A copy of a separate statement addressed to the pastor, and signed by the chair of the Parish Finance Council, stating that the Council supports the loan application.

The application should contain as much information about the proposed project as the Pastor thinks will enable the Committee to understand the parish's loan request.

The signed application shall be mailed to:  
Archdiocese of San Francisco  
Capital Assets Support Corporation  
1301 Post Street, Suite 103  
San Francisco, CA 94109

#### Visit/Inspection/Cost Validation

For each loan, a member or members of the Parish Deposit and Loan Committee may form an inspection committee and visit the Parish to discuss the proposed project, the loan application and the Parish's repayment plan.

The inspection committee will meet with the Pastor and anyone else the Pastor wishes to invite or the inspection committee ask to see (for example, the pastoral team, the Parish Finance Council, etc.)

The inspection committee may also be comprised of representatives from the Real Property Support Corporation.

The inspection committee will visit the site of the proposed project and discuss with the Parish's representatives the project and the Parish's plan to repay any funds borrowed from the Fund.

Specifically, the Parish Deposit and Loan Committee may seek to evaluate the commitment of the parish community for the project.

For projects with total cost of \$5,000,000 (Five Million) and greater, an independent cost/project validation shall be performed. The report shall validate that the scope of work contained within the contract is complete and adequate and that the cost breakdown is reasonable for the proposed contracts scope of work.

The Pastor will be notified of the date and time of the meeting at which the parish's application will be reviewed. The Pastor is encouraged to attend.

The Parish Deposit and Loan Committee's recommendation for a loan will be based on its assessment of the parish's financial ability to pay for the proposed project, from outside fundraising sources and the Fund, within a reasonable period of time. The commitment of the parish community to pay for the project and repay any loan from the Fund will be important factors in its decision.

## Capital Asset Support Corporation

### Due Diligence

For loan requests of \$ 500,000 and more a written loan recommendation shall be prepared by CASC for presentation to the Deposit & Loan Committee member. The recommendation shall be distributed in advance of the Deposit & Loan Committee meeting not less than 2 days in advance of the meeting. The loan recommendation shall include, but not be limited, to the following:

- Summary of project
- Summary financial analysis
- Project and repayment risks
- *All potential risks of repayment shall be documented and how those risks were addressed.*
- Policy exceptions

### Loan Approval

1. The Board of Directors will meet telephonically to act upon any loan after review by the Parish Deposit and Loan Committee if there is not a scheduled meeting within two weeks.
2. The Chair of the Loan Committee jointly with the Executive Director may approve or reject loan requests up to and including \$100,000 without Board or Loan Committee approval. Any such action shall be reported promptly to the Committee and the Board.

### Committee Minutes

All the Committee's recommendations and decisions will be reflected in written minutes, which will be maintained in the offices of the Capital Assets Support Corporation.

### Communications

The Pastor will be promptly informed of the Board's decision by the Executive Director of the Corporation or the Chair of the Committee. The Committee may request more information or a meeting with the Pastor before it makes a final recommendation and, until additional information has been received, the loan application will be deferred to the next meeting. If additional information is not received within thirty (30) days, the Committee will make a recommendation on the basis of the information it has received.

### Documenting and Funding the Loan

Before the loan is funded, the Pastor will be asked to sign a simple document acknowledging the loan and stating the terms of repayment. The loan agreement will provide for repayment of the unpaid balance of the loan on demand when, in the Committee's opinion, repayment is in the best interests of the Fund's participants. The original of this document will be maintained in the parish file at the Corporation together with the loan application. A copy will be provided to the Parish.

When the signed acknowledgment of the loan has been received, the Corporation will list the loan on its books and disburse the loan proceeds as the Pastor shall direct, provided that construction loans will be disbursed as scheduled progress payments are required.

For a Parish to receive consideration for a variation from the standard terms of the Parish Deposit and Loan Fund, the Applicant would must meet the following criteria and have the support of the Archbishop or the Vicar for Administration and the Real Property Support Corporation:

- 1.a The request must be non-discretionary or of an emergency nature. This would include situations that arise from either natural causes or have been mandated by changes in government ordinances.

OR

- 1.b New parishes that might be formed in the future that require capital funding.

AND

- 2 The Applicant must not possess other reserves that might be used to satisfy the need.

The fund also can be used to give loans to parishes for other needs. In these cases, the terms will be determined based upon the parish's ability to pay, the funds currently available, and the future availability of funds.

#### Change Orders

Change orders in excess of \$25,000, individually, and \$100,000, cumulatively, shall require the approval of both the Real Property Support Corporation and Capital Asset Support Corporation. Copies of change orders that do not meet this dual approval threshold shall be sent to CASC once approved by RPSC. Change orders are not valid unless signed by both RPSC and CASC. CASC's Executive Director is authorized to sign off on change orders on behalf of CASC.

#### Loans in Default

A loan is in default if any one of the following conditions occurs:

- Interest or principal payments are delinquent (a delinquent payment is defined as any payment not made by the due date per the loan document)
- Proceeds from a capital campaign are not applied against the loan
- Failure to comply with the conditions listed in the Canonical Loan Agreement
- Any other event which the Parish Deposit and Loan Committee and the Board of Directors determine to trigger an event of default

If a loan is in default the following actions shall be completed by the Executive Director:

1. A loan in default shall be immediately reported by the Executive Director to the pastor by phone or in writing.
2. A loan in default which is not cured in 30 days shall be reported to the Loan Committee Chairperson.
3. A loan in default which is not cured in 45 days shall be reported to the Board of Directors, President.
4. A loan in default which is not cured in 60 days shall be reported to the Vicar For Administration, who will report it to the Archdiocese of San Francisco Finance Council.

A report summary of the loan payment balances by quarter and date, as well as a report of loans outstanding, will be presented at each Board of Directors committee meeting.

Section H.  
Contracts, Debts and Capital Asset Lease

# **POLICY ON CONTRACTS, DEBT & CAPITAL ASSET LEASES**

## **A. Contracts**

It is essential that Pastors, Parochial Vicars & Principals, Directors of Parish Programs, etc. keep in mind that they are not authorized to sign “Contracts”, “Agreements”, “Memorandums of Understanding” and the like which exceed \$10,000 in amount or one year in duration. Additionally, no employment contracts (regardless of amount of duration) may be signed unless approved by the Offices of the Vicar General & Legal Counsel except those specifically authorized through the Office of Catholic Schools. Finally, no modifications or amendments may be made to any approved contract forms without the prior review and approval by the above-mentioned offices.

## **B. Debt**

It is the policy of the Archdiocese of San Francisco not to allow any of its entities to incur any debt without the written approval of the Archbishop or a Vicar General. All construction, acquisition or maintenance activities must be financed through the normal income stream of the entity, or savings and reserves, or from borrowing from the Archdiocesan or Capital Assets Support Corporation Deposit and Loan Funds.

This policy pertains to all Archdiocesan institutions, corporations and agencies including but not limited to the following:

1. Parishes (The Roman Catholic Archbishop of San Francisco, a corporation sole)
2. Archdiocesan elementary/high school (The Roman Catholic Welfare Corporation of San Francisco)
3. Other entities
  - a) CYO
  - b) Catholic Charities
  - c) St. Patrick’s Seminary
  - d) Catholic Cemeteries
  - e) Propagation of the Faith

## **C. Capital Assets purchased through lease agreements**

All Real Property or any tangible personal property over \$10,000 in value is defined as a major capital asset. In some instances parishes/schools/other entities may wish to purchase these assets through a deferred payment agreement with the manufacturer or a financing representative. These agreements are considered to be a debt obligation unless the deferred payment agreement does not obligate a commitment to pay if the asset is returned. The term must be on a month to month basis to allow the

parish/school/entity to return the item with no further payment commitment in order for the agreement not to be considered a debt obligation. If the agreement states that the Archdiocese has an obligation to a specified number of payments or is acquiring title to the item, then it is a debt agreement that obligates the Archdiocese. In such a case the Archbishop or a Vicar General must sign the agreement.

## Section I.

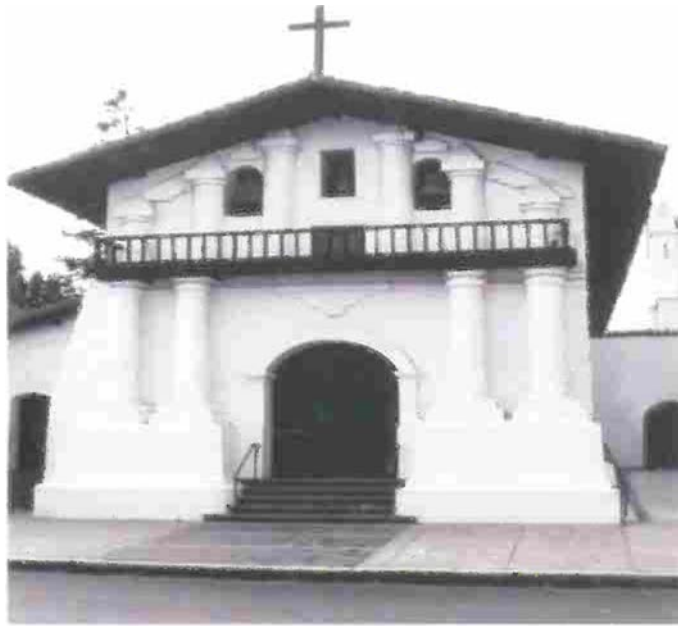
### Employee Pay, Benefits and Employment Policies

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Section J  
New Construction, Renovations and  
Maintenance Policies & Procedures  
(Real Property Support Corporation)

Archdiocese of San Francisco  
Parish and School Juridic Persons

**Real Property Support Corporation**



**New Construction, Renovation and Maintenance  
Policies & Procedures**

1301 Post Street- Suite #102, San Francisco, CA 94109  
Main: (415) 292-0800 FAX: (415) 292-0805

Steve Kalpakoff, *Director*  
Email: [kalpakoffS@adsfrpsc.org](mailto:kalpakoffS@adsfrpsc.org)  
Direct: (415) 292-0800 Ext. 5

Debbie Ramos, *Associate Manager*  
Email: [ramosD@adsfrpsc.org](mailto:ramosD@adsfrpsc.org)  
Direct: (415) 292-0800 Ext. 4

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Note: The intent of this document is for your reference and guidance and is subject to periodic changes if necessary. Please contact the RPSC office for any questions you may have. Thank you.

## **Introduction**

The Archdiocese of San Francisco Real Property Support Corporation (RPSC), through its Board of Directors, authorizes the Corporation's Building Committee to consider and make recommendations on construction, remodeling and improvements of buildings either currently owned or intended to be purchased or built. The Building Committee assists the RPSC Board in establishing policies and procedures to be followed in the construction and maintenance projects of the RPSC. The Policies and Procedures set forth in this document apply to all RPSC owned parishes, primary schools and high schools. The Building Committee also provides assistance to the RCA Corporation Sole upon request.

(Periodic updates and changes are made to the Policies and Procedures. Please call the RPSC Building and Construction Office if you have any questions. Thankyou.)

## **Building Committee Roles and Responsibilities**

The purpose of the Building Committee is to provide an unbiased review and advice to help ensure the successful completion of projects. The Committee includes pastors as well as professionals with extensive experience in the areas of construction, renovation and maintenance. The Building Committee serves the RPSC's Board of Directors c/o Steve Kalpakoff, Director of Building and Construction (hereafter referred to as "Director"), and the parishes and schools owned by the RPSC by:

- *Assisting in the planning of projects*
- *Encouraging quality workmanship*
- *Ensuring appropriate allocation of legal and insurance risks*
- *Promoting the most efficient utilization of financial resources.*

Building Committee meetings are generally held quarterly or as needed at the RPSC's office at 1301 Post Street, Suite 102 in San Francisco. Emergency meetings may be called when necessary. Parish and School representatives may present projects at these meetings by contacting the RPSC's office at least one month before the meeting to be placed on the Building Committee's Agenda. Call 415-292-0800 Ext. 4.

## **General Policies and Procedures**

All projects that **exceed \$15,000**, regardless of whether the project components are undertaken concurrently or phased, must be submitted and presented to the RPSC, c/o the Director, for approval. In addition, *all electrical and roofing projects exceeding \$10,000* must be submitted and presented to the Director for approval. If a project involves volunteer work, the value of the volunteer work must be included in the total value of the project. Even though a project may be under \$15,000 it is recommended that ALL projects operate under these general policies.

- ./ All work involving hazardous waste material (e.g., lead, asbestos) must be coordinated through the RPSC's Office.
- ./ All projects involving the demolition, remodeling and renovation of buildings, regardless of dollar amount must be referred to the RPSC's office for prior inspection and approval.

"Volunteer Labor" can often be a creative and effective element for some projects. At the same time, offers by volunteers within the parish and community to assist in the completion of a project must be approached with caution. The use of volunteers to perform certain tasks may create undue risks. Numerous claims have been made due to injuries to or poor workmanship by, volunteers. Whenever possible, volunteers should work on ground level. Contractors who donate services must be treated in the same manner, from an insurance point of view, and must sign the same contract, as contractors who are being paid for their services.

After the Director has secured from the Archbishop (when necessary, and generally through the Moderator of the Curia's office) conceptual approval of the project, but prior to making any agreements or arrangements (even verbal) with any architect, contractor, representatives, government agency, or real estate firm, a formal request for review of the project must be made to the Building Committee, c/o the Director. When applicable, review and approval of other committees (e.g. Finance, Worship, Real Estate, and Office of Catholic Schools) must be obtained. The Building Committee then submits its recommendations to the Director. Written approval from the RPSC's Officers and/or Board of Directors, c/o the Director, must be obtained before proceeding with formal bid proposals, etc. Contractors, architects, engineers and project managers that are approved by the RPSC, c/o the Director, must perform all work on the project. **(Refer to J-7 et seq. for Criteria for approval and qualifications of these professionals.)** All contracts for such services must be signed by an authorized officer(s) of the RPSC.

After obtaining the Building Committee's permission to proceed, three "**Competitive Bids**" from qualified union contractors will be required. Any proposed deviation from the competitive bidding and/or union contractor requirements must involve exceptional circumstances (eg. small project by a parishioner's owner/operator company, union labor not available or economically feasible for the area/project involved etc.) and must be approved in writing by the RPSC, c/o Director *prior* to seeking bids. In the event an exception is granted, prevailing wage procedures may be imposed depending on the nature and extent of the project. The Building Committee also expects that the lowest qualified bidding contractor will be awarded the contract. If the RPSC determines that it is not feasible to use the competitive bid process then the Pastor has the option to choose the "*Negotiated Contract*" procedures. A minimum of three General Contractors will be required to submit proposals for Fee and General Conditions. After selection of a General Contractor, all subcontracts will be competitively bid

#### **PLEASE NOTE!**

**Contracts not exceeding \$15,000 can be signed by the Pastor or Principal, though it is recommended that they first be sent to the Director for review. Contractual agreements between \$15,000- \$100,000 must be signed by the RPSC's Executive Director. Contractual agreements over \$100,000, but not exceeding \$250,000 may be signed by the Executive Director so long as counter signed by the RPSC's President, Treasurer or Secretary. Contractual agreements in excess of \$250,000 must be signed by both the President and Treasurer.**

### **Deferred Maintenance**

Each Parish or School is required to have a **Deferred Maintenance Assessment Survey** completed for buildings **PRIOR** to any consideration and/or approval of any MAJOR capital improvements, construction or renovation projects. Permission to proceed on Capital Improvements will not be granted until **AFTER** a survey report is completed and approved by the Building Committee and the R.P.S.C.'s office. A representative from the Parish or School must contact the RPSC's office to coordinate a survey of the site and all buildings. The survey will include but not limited to:

- ., *An inspection of all building systems (plumbing, mechanical and electrical)*
- ., *Site work (paving, concrete and retaining walls)*
- ., *Exterior inspection of the buildings (roofs, windows, doors, walls, stairs and painting, etc.)*

Once the survey is completed and approved by the RPSC's office, (including the Building Committee for major capital improvement projects), it will, where applicable, be forwarded to the Archdiocesan Capital Assets Support Corporation, (e.g. its Deposit and Loan Chairperson) for final approval. A survey report will also be sent to the Pastor.

### **Routine Maintenance Projects**

Contact the RPSC's office to discuss what the work is and the reason needed. A presentation by the Pastor normally will not be required. In general, Project Manager and/or RPSC Director can develop plans and specifications and scope of work for most types of routine maintenance projects in lieu of an architect or engineer (e.g. roofing, paving painting, new flooring, minor mechanical and electrical etc.). Project manager and/or RPSC Director can coordinate the bidding process. Project Manager and/or RPSC Director will coordinate the work. The RPSC Director can assist in troubleshooting. Plans and Specification must be complete enough for bidding purpose. Contractor selection (bidding /contract) procedures are the same as for new construction

### Procedures and Sequence (For New Construction and Remodel Projects Over \$15,000)

1. Send written request to the RPSC c/o the Director of Building & Construction requesting conceptual approval for the project.
2. An initial presentation is made by the Pastor the Building Committee (*herein referred to as the "Committee"*). Depending on the nature and scope of the proposed project the Committee *may* defer to the Director alone.
3. Request to be scheduled and placed on the meeting agenda must be sent at least one month prior to the next Committee meeting. The Committee currently meets on a quarterly basis or as needed. The Committee will review the presentation and the parish will be notified of the Committee's requirements, recommendations, and any additional information that is required. Any contract agreement including those valued under \$15,000 must adhere to the policies and must include the signature of the Contractor and Owner's representative.

**\*SEE ALSO** the Nine Step Process on pages J-11 & 12 applicable to New Building Construction, Renovation or Repair Projects in excess of \$100,000 and the **Six Step Process** on page J-13 for Building, Renovation or Repair Projects between \$15,000 - \$100,000.

### Construction

1. Regular meetings will be required at construction site with Parish Representative, Contractors(s) Architect/Engineer and RPSC's Director.
2. RPSC, Director and/or Project Manager will have access to all construction areas and shall be kept informed of all major developments.
3. Change Order (If the project is planned correctly, and procedures followed, the parish can anticipate a minimal number of changes). Collectively the Architect, Pastor, Project Manager and RPSC Director will sign ALL change orders up to \$10,000 aggregate. When the aggregate of change orders exceeds \$10,000 all further change orders shall be submitted to the RPSC's Office for approval. The RPSC's authorized officer(s) must approve anything over \$10,000.
4. Project Manager and/or RPSC's Director will coordinate the maintenance work. The RPSC will have the authority to make any approved minor change to the work.
5. Progress Payments shall be approved by the RPSC's Director and the Architect (if applicable)

### Close out of Project

1. Contractor completes all outstanding items on the final checklist created by architect/Engineer, pastor and the RPSC's office.
2. Obtain waiver of liens from contractor and for all sub-contractors.
3. Obtain 3 project manuals from contractor, one to be sent to the RPSC's office.
4. Obtain 3 sets of equipment manuals from contractor, one to be sent to the RPSC's office.
5. Obtain 2 sets of as-built drawings from contractor and architect, one set is sent to the RPSC's office.
6. Obtain all warranties in writing from the contractor.
7. Obtain all permits & sign offs.
8. Obtain certificate of occupancy
9. Contractor to test equipment and systems in the presence of Architect, parish representative and RPSC project manager. Obtain extra materials(s) properly marked and stored.

### Final payment

The final payment shall be approved by the architect, project manager and/or RPSC Director of Construction after all contract documents have been reviewed for compliance and project close out is complete, prior to processing for payment. Payments to be made 30 days after filing notice of completion.

## **Property Insurance Claims**

**Notification:** Losses are to be reported promptly and in no case later than 15 days from the date of occurrence or first knowledge of the loss. Initial reports are to be made by telephone to the RPSC office, which will coordinate the matter with Gallagher Insurance at 415-536-8542. A Claims Coordinator handles all claims for the RPSC of San Francisco. A written report using the claim form provided to each church or school is to follow immediately. This should be sent to the claims office and RPSC:

**Arthur J. Gallagher & Co.**  
**1255 Battery Street, Suite 450, San Francisco, CA 94111**  
**Attention: Claims Department**

Note: Failure to notify Gallagher Insurance or the RPSC's office prior to making normal non-emergency repairs may result in denial of the claim. Police reports are required for all theft and vandalism losses.

In emergency situations initial reports may be called directly to the RPSC Office, 415-292-0800 ext. 4 or 5. Outside business hours, call Steve Kalpakoff at 415-699-7177 or Debbie Ramos at 415-987-6625. Telephone notification and a written report will still need *to* be made to Gallagher Insurance as soon as practicable.

**Eligibility:** A parish or school presenting a claim must be current in its payment of insurance premiums. Gallagher will call the RPSC to verify and document premium payment status prior to beginning adjustment of any claim reported, except to the extent necessary to prevent further loss of property, life or value. If premium payments are not current, authorization will be given for only those steps necessary to secure a damaged area or prevent loss of life or injury.

**Insurance Coverage:** The nature and extent of coverage shall be determined, and settlement made, in accordance with the procedures of the Archdiocese based on the provisions contained in the Archdiocese's standard policy forms. Limits of insurance applicable to specific types of property are contained in full description of the insurance program on file at the Chancery.

**The Claims Process:** All claims will be assigned a claim number. The claim number is derived from the date of the loss and location number of the church or school on the insurance schedule (e.g. a loss at Mission Dolores, location #144, on June 21, 2016 would be assigned Claim Number 062116-144). Claim numbers must be referenced on all correspondence, bills and related documents submitted regarding a claim.

Damage to buildings will be inspected and assessed by the RPSC's Director. Depending on the level of the claim, either the Director or an outside insurance claims adjuster will:

- Evaluate the "Scope" of the damage.
- Estimate the cost to repair or replace.
- Write specifications and solicit bids.
- Contact trades people to perform the work
- Coordinate with Gallagher Insurance to authorize repairs.
- Oversee the restoration process.
- Approve final bills to be submitted to the Self-Insurance Fund for payment. Bills are due from contractors no later than 30 days from date of completion.
- Consideration of Loss or damage to contents other than buildings will require:
  - ./ Identification of items lost or damaged, with original receipts if possible.
  - ./ Police report for losses due to burglary theft, or vandalism;
  - ./ Estimate of cost to repair or replace; purchase order or invoice evidencing actual repair or replacement of item(s)

### **Special Provisions**

1. Glass and Fine Arts are covered within the blanket limit of the policy.
2. A loss to any single item in excess to \$2,500 shall require approval from the RSPC prior to replacement.
3. Graffiti vandalism is not covered under the self-insurance program. However, if there is an occurrence that is so egregious or for some other reason ought to be covered by the SIF {Self Insurance Fund}, coverage may be authorized by the Chancery on an exception basis.

Any loss, giving rise to concerns of fraud or dishonesty by an employee or volunteer shall be reported to the RPSC's Office immediately.

## **Criteria & Checklist for Selection of Contractors, Architects, Engineers & Project Managers**

The minimum criteria that must be met by Architects, Engineers, Contractors and Project Managers are detailed in the checklist provided in this section. Additional criteria may be required as necessary on a project-by-project basis. The purpose of these criteria is not to limit choice, but to protect the RPSC and the parishes and schools owned by the RPSC. A list of approved architects, engineers and contractors will be maintained and updated every three years. Anyone who is not on the approved list may apply to the RPSC's Office to be reviewed and if approved, added to the list.

The Criteria for Selection requires, at a minimum, architects, engineers, project managers and contractors to provide proof of appropriate state licensing or accreditation, union standing where applicable, financial stability, business experience, a Waiver of Liens, and non-discrimination clauses.

A *Certificate of Insurance* and related endorsement must be secured in a minimum of One to Two Million Dollars (or job value, whichever is higher) liability in such form as acceptable to Gallagher Insurance Brokers, or the current insurance carrier for the RPSC.

The project size and complexity may require that insurance coverage for liability and workers compensation, surety (*Performance*) bonds, errors & omissions, be increased. The insurance carrier will advise if this is necessary on a case-by-case basis.

### **Bid Submittal**

All bids must be sealed and delivered by the determined due date and time to:

**Real Property Support Corporation**  
**1301 Post Street., Suite# 102, SF CA 94109**  
**ATTENTION: Steve Kalpakoff, Director of Building & Construction**

**BID FOR:** \_\_\_\_\_

Bids that are faxed or emailed will not be accepted unless approved by the Director. The Pastor, designated representative and architect (**if applicable**) are welcome to attend the bid opening. The RPSC and Architect will review contractor's proposal, qualifications, certificates of insurance and AIA Owner/Contractor Agreement for approval and forwarding to the RPSC authorized signatory (ies).

Architect or Vendor/Contractor must submit their updated Certificate of Insurance with additional insured endorsement along with a copy of their W-9.

## Selection of Architects Checklist

(Done after approval of project concept)

Contact the RPSC's office for recommended selection, guidelines and recommended list of contractors and architects. Interview prospective architects and contractors. Select the lowest qualified contractor and architect, not necessarily the least expensive. A minimum of three proposals are required.

### Contract Negotiations with Architects

In consultation with the pastor/principal, this takes place between the RPSC's Director and the Architect. Decide on the Architects' scope of work. Submit required insurance certificates and submit architect/engineer proposals and qualifications and AIA Contract to the RPSC Director, for review and approval and he will forward to the appropriate corporate officer(s) for signature.

### Conceptual and Design Development

1. Architect develops Conceptual Design in consultation with parish and in accord with Committee requirements and recommendations. (The outcome of this phase may include cost estimates, schematics and preliminary specifications.)
2. Presentation of the Conceptual Design is made to the Building Committee by the Pastor and architect. (Prior to presentation send copies of plans, at least one week prior to appearing before the Committee).
3. The Architect continues to develop the Conceptual Design incorporating the Committee's recommendations, the parish recommendations and in accordance with the Committee approved schematic design. The concept design is developed into working drawings and specifications.
4. After Conceptual Design is complete, a cost estimate will be revised.
5. Give final presentation to the Committee of Working Drawings. Provide copies at least one week prior to scheduled presentation.
6. Authorization is needed from the Committee, via the Director, to proceed with construction documents.
7. Architect responds to all recommendations from the Committee for construction documents and receives final approval, by letter from the Chairman of the Building Committee before proceeding to bid.
8. Architects must meet the minimum criteria listed below. Additional criteria may be required as necessary on a project-by-project basis. The purpose of these criteria is not to limit choices, but to protect the parishes and schools owned by the RPSC.
9. A list of approved architects will be maintained and updated every three years. A professional not currently on the approved list may still be considered for work on a project so long as the necessary criteria are met.

	<u>CATEGORY</u>	<u>CIRCLE</u>
<b>LICENSE:</b>	<b>Can Architect present valid state AIA license?</b>	y      N
<b>FINANCIAL:</b>	<b>Can Architect provide proof of financial stability?</b>	
	./ Provide Credit References?	y      N
	./ Provide Bank References?	y      N
	./ Provide last three years of income statements?	y      N
<b>EXPERIENCE:</b>	<b>Can Architect provide proof of business experience?</b>	
	./ Number of years in business (minimum five)?	_____
	./ Number of years operating under this name?	_____
	./ Submit a minimum of 3 references with similar project description?	y      N
<b>INSURANCE:</b>	<b>Does the Architect have adequate insurance protection?</b>	
	./ Provide Certificate of Insurance for Errors & Omissions? (\$1 -2 million or job value (whichever is higher)	y      N
	./ Coverage must be "occurrence" not "claims made"	y      N
	./ Provide written approval by <i>Gallagher Insurance</i> <i>Brokers</i> for the above coverage?	y      N
<b>PROJECT MANAGEMENT:</b>	<b>Does the Architect have adequate project management staff?</b>	
	./ Engineers or consultants?	Y      N
	./ Coordinate with contractor?	Y      N

## Selection of Contractors Checklist

(Done after aoolication and approval of project concept)

### Determine qualifications

Contact the RPSC's Office for recommended selection guidelines and approved list of contractors. Select at least three of the most qualified contractors for the project to bid on it.

### Approval of contractors

The RPSC's Director coordinates the day and time for a mandatory bid walk ('walk through') at proposed project site with all bidding contractors, parish and architect. Allow 1-3 weeks for bid preparation from contractors. The Contractors submit their sealed bids which also includes the list of subcontractors and certificates of insurance for all subcontractors.

Contractors must meet the minimum criteria listed below. Additional criteria may be required as necessary on a project-by-project basis. The purpose of these criteria is not to limit choices, but to protect the parishes and schools owned by the RPSC. A list of approved contractors will be maintained and updated every three years. A professional not currently on the approved list may still be considered for work on a project so long as the necessary criteria are met.

	<u>CATEGORY</u>	<u>CIRCLE</u>	
<b>LICENSE:</b>	<b>Can contractor present valid state contractor license?</b>	y	N
	<b>UNION (where applicable):</b>		
	./ Is contractor in good standing with the applicable union(s)?	y	N
	./ Are subcontractors in good standing?	y	N
	<b>FINANCIAL:</b>		
	<b>Can contractor provide proof of financial stability?</b>	y	N
	./ Provide Bank References?	y	N
	./ Provide last three years of income statements?	y	N
	<b>EXPERIENCE:</b>		
	<b>Can contractor provide proof of business experience?</b>		
	./ Number of years in business (minimum five)?	_____	
	./ Number of years operating under this name?	_____	
	./ Submit a minimum of 3 references with similar project description.	y	N
	<b>INSURANCE</b>		
	<b>Does contractor have adequate Insurance protection?</b>	y	N
	./ Provide Certificate of Insurance for liability coverage of \$1-2 million or job value (whichever is higher)	y	N
	./ Provide proof of Workers Compensation coverage	y	N
	./ Provide written approval by <i>Gallagher Insurance Brokers</i> for the above coverage	y	N
	<b>BONDS (where applicable): Does contractor meet bonding requirement?</b>	Y	N
	<u>(Normally required on projects over \$500,000)</u>		
	./ Is contractor bondable?	Y	N
	./ Provide surety (performance) bond (required for new or remodel projects)?	Y	N
	./ Does contractor agree to a Waiver of Liens?	Y	N

## Selection of Engineers Checklist

*(Done after application and approval of project concept)*

Engineers must meet the minimum criteria listed below. Additional criteria may be required as necessary on a project-by-project basis. The purpose of these criteria is not to limit choices, but to protect the parishes and schools owned by the RPSC. A list of approved engineers will be maintained by the RPSC office and updated every three years. A professional not currently on the approved list may still be considered for work on a project so long as the necessary criteria are met and is approved by the RPSC office.

	<u>CATEGORY</u>		<u>CIRCLE</u>
<b>LICENSE:</b>	Can engineer present valid state license?	y	N
<b>FINANCIAL:</b>	Can engineer provide proof of financial stability?	y	N
	Provide Credit References?	y	N
	Provide Bank References?	y	N
	Provide last three years of income statements?	y	N
<b>EXPERIENCE:</b>	Can engineer provide proof of business experience?	y	N
	Number of years in business (minimum five)?	_____	
	Number of years operating under this name?	_____	
	Submit a minimum of 3 references with similar project description?	y	N
<b>INSURANCE:</b>	Does contractor have adequate insurance protection?	y	N
	Provide Certificate of Insurance Errors & Omissions?	y	N
	\$1-2 million or job valued (whichever is higher)		
	Provide written approval by <i>Gallagher Insurance Brokers</i> for the above coverage?	y	N

## Selection of Project Managers Checklist

*(Done after application and approval of project concep*

Project Managers must meet the minimum criteria listed below. Additional criteria may be required as necessary on a project-by-project basis. The purpose of these criteria is not to limit choices, but to protect the parishes and schools owned by the RPSC. A list of approved Project Managers will be maintained by the RPSC office and updated every three years. A professional not currently on the approved list may still be considered for work on a project so long as the necessary criteria are met and is approved by the RPSC office.

	<u>CATEGORY</u>		<u>CIRCLE</u>
<b>FINANCIAL:</b>	<b>Can Project Manager provide proof of financial stability?</b>	y	N
	Provide Credit References?	y	N
	Provide Bank References?	y	N
	Provide last three years of income statements?	y	N
<b>EXPERIENCE:</b>	<b>Can Project Manager provide proof of Business Experience?</b>	y	N
	Number Of years in business (minimum five)?		_____
	Number of years operating under this name?		_____
	Submit a minimum of 3 references with similar project description?	y	N
<b>INSURANCE:</b>	<b>Does Project Manager have adequate insurance protection?</b>	y	N
	Provide Certificate of Insurance Errors & Omissions?		
	(\$1-2 million or job valued (whichever is higher)	y	N
	Provide written approval by <i>Gallagher Insurance Brokers</i> for the above coverage?	y	N

## **Process for Building Construction, Renovation Or Repair Projects In Excess of \$100,000.00**

The following specific steps apply to any proposed NEW Building Construction and Building Renovation (as opposed to routine deferred maintenance) projects in excess of \$100,000.00. **(NOTE: All maintenance and repair work of any nature OVER \$15,000 must be coordinated through my office).** Upon completion of **STEP ONE** (Submittal of Detailed Proposal), we will review and proceed to the next listed **STEPS**. If there are any questions, do not hesitate to contact our office for further guidance. Thank you for your anticipated understanding and assistance.

**PREAMBLE:** *There are a number of important items that must be considered before determining if, and to what extent, a proposed major parish/school project may proceed. These include such things as current demographics, the parish's / school's long term viability, fundraising feasibility studies, realistic budget, s practicality/buildable nature of buildings, financial health and accountability of parish/school, ability to obtain any necessary loans etc. The following steps have been established to address these issues in a timely and cost efficient manner. Please review and follow them carefully.*

### **STEP ONE (Submittal of Detailed Proposal)**

Send to the Archdiocese of San Francisco - Real Property Support Corporation's (RPSC) Building Committee (c/o Steve Kalpakoff, Director, a detailed description of the proposed project, including:

1. The Building Type
2. Purpose/Intent
3. User Groups
4. Area/Square Footage
5. Budget (*List sources of current funding and assumable revenue generated (if any), foreseen operational costs and estimated budget range for loan payments).*
6. Fundraising Feasibility Study

The RPSC (Steve Kalpakoff) will evaluate the information to assist the Parish/School in retaining a qualified and informed Architect.

### **STEP TWO (Selecting an Architect and Preparation of Preliminary Schematics)**

After the RPSC (Steve Kalpakoff) has obtained the requisite preliminary Canonical conceptual approval from the applicable Pastoral Center representative of the Archbishop (i.e. the Moderator of the Curia following his consultation with the Capital Assets Support Corporation (CASC) concerning assets on hand/loan possibilities, etc.) about the proposed nature and extent of the project (outlined in **STEP ONE**) the RPSC will provide the Parish/School with direction concerning the hiring of an Architect (**NOTE that RPSC officer(s) must approve and sign the Architect contract**). An Architect will be selected to prepare a simple set of preliminary schematic designs after the Parish/School first makes an affirmative commitment of a minimum of \$100,000.00 from Parish/School funds (via a "certification of funds" confirmation from the Capital Assets Support Corporation to the RPSC to cover the costs of the Architect's preliminary design work, as well as any more detailed schematics, building permit drawings, preliminary plans, specifications and construction drawings that may be later authorized, pursuant to **STEPS THREE, FOUR and FIVE.**)

### **STEP THREE (Conditional Loan Application/Approval)**

Insofar as financial ability is a critical factor in the determination as to whether a project ultimately will be permitted to proceed, the parish/school will apply for a loan, if needed, with the CASC. Any loan approval at this stage will be preliminary only. That is, it will be conditioned upon the necessary reviews and approvals set forth in **STEPS FOUR through EIGHT.**

### **STEP FOUR (Architect's Presentation to the Building Committee)**

The Architect and Parish/School Representative (typically the Pastor/Principal and Finance Council Chair at a minimum) will contact the RPSC to schedule a meeting with the Building Committee to present the Preliminary Schematics and related budget and funding sources (e.g. proposed Capital Campaign / Conditional Loan Application Approval).

### **STEP FIVE (Preparation and Presentation of Detailed Designs and Plans)**

IF the Building Committee and Archbishop's Pastoral Center representative (*Moderator of the Curia*) concur, in principle with the feasibility of the project (*outlined in STEP FOUR*) then the Building Committee will request that the Architect prepare the following:

- ..., A full, detailed set of Schematic Designs
- ..., Preliminary Plans and Specifications
- ..., Building Permit Drawings
- ..., Construction Drawings and Specifications

The Parish/School understands the possible necessity of re-designing the above referenced documents based on comments (*e.g. pertaining to cost analysis*) by the Building Committee and, accordingly, the possibility of submitting a revised budget.

### **STEP SIX (Final Canonical Approval of Archbishop, through the Office of the Moderator of the Curia, and Determination of Needed Consultants/Contractors/**

After the process in **STEP FIVE** is completed the Building Committee will make its recommendation to the Archbishop. **IF** the Archbishop (*through the Moderator of the Curia*) then provides the requisite final canonical approval to proceed with the project (*and subject to final loan approval and compliance with STEPS SEVEN and EIGHT*) the Building Committee will work with the Architect to select the appropriate consultants and contractors (subject to the Archdiocese's competitive bid policies and procedures). **STEP SEVEN (Competitive Bid Process)**  
After the drawings have been completed, RPSC will coordinate with the Parish the "Pre-Qualification" and selection of contractors who will bid the project. After bids are received and qualified by the RPSC (*Building Committee*), the total dollar amount for the project will be established and a *Certificate of Funds* form (*outlined in STEP EIGHT*) will need to be completed.

### **STEP EIGHT (Certificate of Funds)**

IF the RPSC receives confirmation from the CASC (*via a signed Certification of Funds form*) that the necessary funds are on hand, and are authorized by the Parish/School for distribution, the "Competitive Bid" process for the various consultants and contractors will begin, and the authorized RPSC officers will review and sign the applicable contracts. (*Projects exceeding \$100,000 will require the signature of the Parish Finance Council Chairperson.*

### **STEP NINE (Payment of Consultants and Contractors)**

All Consultant/Contractor requests for payment (or *Change Order requests - COR*) **MUST** be forwarded directly to RPSC (*Steve Kalpakoff*) for review and approval. After Steve receives the concurrence of the Parish/School, the Payment Application/Invoice will be forwarded to CASC for **DIRECT** payment to the applicable Consultant/Contractor.

**NOTE:** It is critical that **ALL BILLS** be paid solely and directly by the CASC (*i.e. no payments are to be paid by the Parishes followed by a request from the Parish to CASC for reimbursement*). Otherwise, it is virtually impossible for the Parish/School, CASC, RPSC and/or auditors to compile efficient and accurate account/budget reconciliation.

## Process for Building Construction, Renovation or Repair Projects

Between \$15,000 and \$100,000

**PREAMBLE** *There are a number of important items that must be considered before determining if, and to what extent, a proposed major parish/school project may proceed. These include such things as current demographics, practicality/buildable nature of buildings and proof of adequate funding sources. The following steps have been established for any proposed construction, renovation or repairs between \$15,000 and \$100,000. The focus of this document is the project tracking, financing and payment process for these projects. Please refer to the RPSC's Construction, Renovation and Maintenance Policies and Procedures for comprehensive guidance on all projects, of any size. Note: All initial paperwork will be sent to the Pastor at the Parish/School. If the Pastor then defers to the Principal to complete the process, the Pastor will nevertheless be cc'd on all signed documents, vendor correspondence, etc. **\*PLEASE NOTE: Regardless of whether the Pastor, Principal or President fills out the form, CASC requires that any withdrawal of parochial Parish/School funds from CASC or any Certificate of Project Completion form if CASC funds are involved, must be authorized by the Pastor as evidenced by his signature in the applicable space on the COF/Certificate of Project Completion form.***

### **STEP ONE (Submittal of Detailed Proposal)**

Submit the following documents to the Archdiocese of San Francisco - Real Property Support Corporation's (RPSC) Building Committee (c/o Steve Kalpakoff, Director of Building & Construction) to evaluate the detailed description of the proposed project and to assist the Parish/School in retaining a qualified Architect, General Contractor or Vendor:

- a) The building type; purpose/intent; area/square footage
- b) Scope of Work describing the project
- c) Budget (List sources of current funding and assumable revenue generated (if any), foreseen operational costs and estimated budget range for loan payments); also Fundraising Feasibility Study, letters from Donors, etc. (if any).

### **STEP TWO (Selecting an Architect or General Contractor or Vendor)**

- > "**For Architects / Engineers:** If selection of an Architect or Engineer is required, the Pastor, Principal, President or a designated representative must contact RPSC to review the criteria process. RPSC will provide guidelines outlining the "Scope of Services" that must accompany all proposals and will recommend Architects / Engineers from the approved list of Vendors. **NOTE: Only RPSC officer(s) will approve and sign the contract.**
- > "**For General Contractors / Vendors:** When a selection of a General Contractor / Vendor is required, the Pastor, Principal, President or a designated representative must contact RPSC to review the criteria process. RPSC will provide a recommended list of pre-qualified contractors to bid the project. RPSC will provide guidelines for the "Scope of Work" and upon receipt will review the scope of services, specifications and bid documents. If the Parish/School has a Vendor they would like to include in the bid process for the proposed project, the Vendor must first be qualified and approved by RPSC. **NOTE: Only RPSC officer(s) will approve and sign the contract**

### **STEP THREE (Competitive Bid Process)**

If applicable, once the drawings or specifications have been completed, RPSC will coordinate with the Parish/School the "Pre-Qualification" and selection of Architects or contractors who will bid the project. After bids are received and qualified by the RPSC the total dollar amount for the project will be established and a *Certificate of Funds* form will need to be completed.

### **STEP FOUR (Certificate of Funds)**

RPSC will provide a Certificate of Funds form to the Parish/School to be completed and returned to us for final review. Upon confirmation of funding and approval is granted, a contract will be generated and signed by RPSC. (Projects exceeding \$100,000 will require the signature of the Parish Finance Council Chairperson.

**For Loan Application/Approval:** Insofar as financial ability is a critical factor in the determination as to whether a project ultimately will be permitted to proceed, a parish/school may need to apply for a loan with CASC. Any loan approval at this stage will be conditioned upon the necessary reviews and approvals. The COF will not be finalized until the loan has been approved. Please allow sufficient time to obtain a loan before starting a project

### **STEP FIVE (A/A Agreements and Contracts)**

Agreements or contracts are executed and signed by RPSC's Officers. Contracts below \$15,000 may be signed by the Pastor, Principal or President. A signed copy of the COF accompanied with a fully signed and executed AIA Agreement will be sent to the Parish/School confirming the funding is secured and the project may commence.

### **STEP SIX (Payment of Consultants and Contractors)**

All Consultant/Contractor requests for payment **MUST** be forwarded directly to RPSC (Steve Kalpakoff) for review and approval. Upon receipt of authorization of payment by the Pastor, Principal or President the Payment Application/Invoice will either be paid by the Parish or through CASC to the applicable Vendor. *\*A status report of all invoices processed will be provided to the Parish/School upon request.*

## **INSTRUCTIONS: CERTIFICATE OF FUNDS form (COF)**

The Certificate of Funds form identifies funding sources to be applied towards a specific project in excess of \$15,000. For projects between \$15,000 - \$100,000, Parishes/Schools will have the option to pay the Architect, General Contractor or Vendor contractor directly as noted in Part 2 of the COF form. Both the RPSC and CASC offices will review, confirm and approve secured funding prior to initiating any preliminary process or execution of contracts related to your project. Any inaccurate or incomplete information will delay the project's commencement date and/or issuance of payment to the contractor/vendor in a timely manner. Submit completed Certificate of Funds form to RPSC for further processing. No project can be started without final confirmation of financial arrangements. All AIA agreements, contracts or proposals exceeding \$15,000 must be signed by RPSC. *(Projects exceeding \$100,000 will require the signature of the Parish Finance Council Chairperson AND will follow RPSC's policy whereby Architects, General Contractors or vendor will be paid directly from a designated project funding account by CASC).*

### **PART 1 PROJECTED COST OF PROJECT**

**Line 1** is the base contract amount. If there is more than one contract, add up the totals for the projected Hard Costs.

**Line 2** is the total amounts for all soft costs (architectural, consulting fees, permits, etc.)

**Line 3** is the totals for furniture, fixture and equipment towards the project (FFE)

**Line 4** is the MINIMUM contingency amount for any unforeseen condition.

**Line 5** is the projected GRAND TOTAL COST for this project

### **PART 2 PROJECT PAYMENT OPTIONS**

#### **A. Pay by Parish/School Options**

**Parish/School Bank Account:** Attach a current bank statement verifying and confirming funds will be available for the total project to pay the vendor directly in a timely manner in accordance with the contract and a letter from the Pastor/Principal/President restricting these funds for the exact project amount for this specific project.

**Withdraw funds from CASC Parish Deposit Account:** To request a withdrawal from CASC Deposit Account to fund vendor payment by the Parish/School, attach a copy of your most recent CASC monthly deposit statement verifying funds. CASC will then cut a check to the Parish/School. Complete the COF with the CASC parish deposit account(s) number and the amount to be withdrawn. The Parish/School is responsible to have all funds available to pay vendor for the total project directly once the check has been issued.

**(NOTE:** Funds in an open CASC Project Funding Account cannot be used towards another Project or Project Funding Account. To close a CASC Project Funding Account please complete the Project Completion Notice (CPC) provided by RPSC. All Project Funding Account closures require signatures from Steve Kalpakoff (RPSC) and Pastor/President/Principal on the (CPC) form).

#### **B. Pay by CASC Project Funding Account Options: (Must complete PART 3)**

**Project Funded by Check:** Attach a check for the project cost to be deposited with CASC. CASC will then set up a Project Funding Account to be used solely for CASC to pay the vendors directly for the project. Payment requests will be submitted and approved by RPSC.

**Project Funded by CASC Deposit Account:** Funds will be transferred from a CASC Parish/School Deposit Account(s) to CASC Project Funding Account to fund the project cost. The account number and dollar amount of the CASC Parish/School Deposit Account from which the funds are being transferred from must be provided.

**Project Funded by CASC Loan:** Please contact CASC (415) 292-3600 to request a loan to finance project. CASC will guide Pastor, President or Principal through the loan application process and requirements. Loan must be approved before the COF can be finalized.

**\*PLEASE NOTE:** Regardless of whether the Pastor, Principal or President fills out the form, CASC requires that any withdrawal of parochial Parish/School funds from CASC or any Certificate of Project Completion form if CASC funds are involved, must be authorized by the Pastor as evidenced by his signature in the applicable space on the COF/Certificate of Project Completion form.

### **PART 3 PROJECT COST FINANCING {for projects being paid by CASC's Project Funding Account (PFAJ**

- **CASC Parish/School Deposit Account:** Provide the CASC Deposit Account number from which the funds will be transferred to a PFA.
- **CASC Parish/School Deposit Name:** Provide the CASC Deposit Account from which the funds will be transferred to a PFA.
- **Total Account Balance:** Provide the date of statement and total account balance of the most recent statement received.
- **Balance of Account Encumbered to Project:** Provide the amount of funds from the CASC Deposit Account towards the project.
- **Subtotal:** Subtotal the totals from the CASC Deposit Account(s).

### CERTIFICATE OF FUNDS FORM (COF)

ASF LOCATION NUMBER		PARISH / SCHOOL	
PROJECT DESCRIPTION:		PROJECT JOB#	
CASC PROJECT FUNDING ACCOUNT#			
TYPE OF PROJECT	New Construction	Add funds to existing project	Repairs and Maintenance

PART 1	P.R. 9	(TELEPHONE) PROJECT	Project complete, costs are at
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1	Projected <b>HARD</b> Costs	\$
2	Projected <b>SOFT</b> Costs (Architectural, Consulting Fees and Permits)	\$
3	Furniture, Fixture and Equipment (FFE)	\$
4	Minimum of 10% Contingency (for "unforeseen" conditions)	\$
5	Projected <b>GRAND TOTAL COSTS</b> for this project	\$

PART 2	O.J.E. Cir	P.R. 9	Pir 110 J's
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<b>OPTION A</b>	<b>PAY BY PARISH/SCHOOL</b> -Parish/School will pay all Vendors the project costs directly (Only for projects between \$15,000 and \$100,000).		
		Parish/School bank account (Attach current copy of bank statement & letter from Pastor/Principal/President).	
		Withdraw funds from CASC Parish deposit account (A check will be sent to the Parish/School).	
	From CASC original deposit account#	Amount Requested	\$
<b>OPTIONS</b>	<b>PAY BY CASC PROJECT FUNDING ACCOUNT (Must complete PART 3)</b>		
		Project is being funded by attached check [check#] Amount \$	
		Project is being funded by CASC deposit account.	
		Loan approved by CASC to finance project. Please contact CASC for arrangements: (415) 292-3600.	

PART 3	CASC DEPOSIT ACCOUNT(S) FOR PROJECT	C.O.S. IF, I	AN CING
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CASC DEPOSIT ACCOUNT NUMBER	CASC DEPOSIT ACCOUNT NAME	TOTAL ACCOUNT BALANCE	BALANCE OF ACCOUNT ENCUMBERED TO PROJECT
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
<b>Sub-total</b>		\$	\$
<b>Add check(s) from Parish</b>		\$	\$
<b>Add Loan Approved</b>		\$	\$
<b>Grand Total for Project (should be the same amount in Part 1 - Use SJ)</b>		\$	\$

<b>S</b> by: (*Projects EXCEEDING \$100,000 will require the Finance Council Chairperson's signature)		
Pastor-Principal-President (print name)	Signature	Date
*Parish-Finance Council Chairperson (print name) (Required for projects exceeding \$100,000)	Signature	Date

For Internal Use Only		
RPSC: Reviewed & approved for final review: Steve Kalpakoff, Director	Sig:	Date:
CASC: Reviewed and approved for secured funding: Rick Hannon, Executive Director	Sig:	Date:

## **INSTRUCTIONS: CERTIFICATE OF PROJECT COMPLETION (CPC)**

The Certificate of Project Completion (CPC) is a notification to all parties (Parish, School, RPSC and CASC) that the project is completed. This allows time for RPSC to request from the Vendors all required close-out documents **BEFORE** the final payment or retention invoices amount can be processed and released for payment. Do not submit this form until the project has been completed and there are no further invoices to be anticipated after this final payment.

**STEP 1** Parish or School will contact RPSC with the project completion status. RPSC will provide a final report of invoices paid.

**STEP 2** RPSC will initiate proceedings to obtain all required Close-Out submittal documents as listed in STEP 2 on form:  
./ One set to be sent to the Parish or School and the other set to be sent to RPSC  
./ Invoice or Application for Payment reflecting final amount due or Retention amount due if it not yet submitted

**STEP 3** Once the final invoice or retention has been processed and paid and all close-out documents submitted to the Parish and RPSC, the Pastor, Principal or President will need to sign the Certificate of Project Completion form and return to RPSC.

**FINAL AUTHORIZATION** is verification and confirmation that the project has been completed and is considered "closed". Any unused project funds you wish to have reimbursed or transferred back to the Parish can be indicated by checking the appropriate box on the form. *This request will require the signature of the Pastor, Principal or President.* Be sure to provide CASC a copy of the *Certificate of Project Completion* via Fax or email for final steps to close out project account.

## CERTIFICATE OF PROJECT COMPLETION (CPC)

<b>ASF NUMBER</b>		<b>Parish / School</b>	
Project Description			
Architect, General Contractor or Vendor			
Project Job Number		CASC Project Funding Account#	
COF approved amount for the projected grand total costs of this project			
RPSC processed costs Paid-To-Date (Job Cost report attached)			
<b>Step 1</b>	Parish/School should contact RPSC with the project status to start the project close out process.		
<b>Step 2</b>	RPSC will request the submittal of the final invoice or retention invoice. We will require 2 sets of Close-Out documents: Deliver 1 set to the Parish/School and deliver 1 set to RPSC.		
<b>CHECK LIST FOR PROJECT CLOSE-OUT DOCUMENTS</b> <u>[If applicable]</u>			
Submittal by: Architects, General Contractors or Vendors	Warranties or Guarantees		Notice of Occupancy
	Conditional and Unconditional Lien Releases		As-Built Drawings
	Job Cards		Change Orders
	Permits and Sign-off Inspections		Notice of Completion
	<b>FINAL INVOICE OR RETENTION PAYMENT APP.</b>		
<b>Step 3</b> Complete ONLY for unused project funds	If you are requesting reimbursement or a transfer of unused project funds back to the Parish/School, please check the appropriate box below.		

## CONFIRMATION OF PROJECT COMPLETION

This is to verify and confirm that the above project has been completed to our satisfaction and all applicable project close-out documents have been received. On our behalf, please process and release for payment the final invoice/retention billing and transfer any unused funds designated for this project accordingly.

**You have my authorization to transfer or refund unused funds from the project's deposit account if indicated below:**

<input type="checkbox"/>	Issue a check for unused project funds directly to the Parish/School.
<input type="checkbox"/>	Transfer unused project funds to the Parish/School deposit account number as listed below:

**CASC Deposit Account number:**

**Pastor / Principal / President** (please print)

**Signature**

**FOR INTERNAL USE ONLY**

I confirm and acknowledge this project has been completed. CASC may now officially begin the process to close the project's deposit account as authorized by the designated signers listed above.

Steve Kalpakoff (RPSC Director of Building and Construction)

Date

\*A FAX or email copy of this form was provided to Capital Assets Support Corporation on \_\_\_\_\_

Note: The intent of this document is for your reference and guidance and is subject to periodic changes if necessary. Please contact the RPSC office for any questions you may have. Thank you.

Date of publication: September 2015

Section K.

Real Property Not Used for Pastoral Purposes

# POLICIES AND PROCEDURES REGARDING USE OF ARCHDIOCESAN PROPERTY BY OUTSIDE ORGANIZATIONS

**Preamble:** In light of the many and varied charitable, religious and educational works which are carried on under the auspices of the Roman Catholic Church, the Archdiocese of San Francisco is, by necessity, a major property holder. Inasmuch as these properties include such things as church and school buildings, halls and auditoriums, kitchens, offices and recreational facilities, the parishes, schools and agencies of the Archdiocese are frequently approached by outside individuals and organizations with a request to utilize these facilities for some personal, business, or community use.

The purpose of this document is to provide a summary of the general principles relating to the use of Archdiocesan properties and to outline certain specific procedures to be followed in connection with the application of those general principles. It must be borne in mind that these policies and procedures are motivated not only by considerations relating to preserving the property and income tax exemptions of the Archdiocesan entities which own the properties, but also by practical, legal and religious considerations which may indicate that an otherwise "profitable", "neighborly" or "convenient" use of the property by others is not appropriate. While this policy applies only to entities under the civil law auspices of the Archbishop of San Francisco it should serve as a helpful reference tool for other Catholic organizations in the Archdiocese of San Francisco, particularly to the extent that any proposed use of their properties impact the canonical "vigilance" responsibility of the Archbishop of San Francisco.

## **I. THE PROPERTY TAX AND INCOME TAX EXEMPTIONS:**

**The Property Tax Exemption** - Nearly all properties owned by Archdiocesan entities are exempt from property taxation under the so-called "Church", "Church Parking Lot", "Religious" and/or "Welfare" exemptions set forth in the California Constitution or the California Revenue and Taxation Code. Which particular exemption applies to a given piece of property depends on its specific use. In any event, in order to meet the criteria for at least one of the exemptions, the property essentially must be devoted exclusively to charitable, religious and/or educational uses by an organization which is exempt from income tax (i.e. a non-profit organization). The property tax exemption would extend to incidental uses of the properties, such as wedding receptions, which follow a religious ceremony taking place on the grounds, or the lease of the property by one organization exempt from income tax to another tax exempt organization for a purpose covered under the property tax exemption laws of California.

Some might argue that it is worth it to simply pay the property tax on all or a portion of the property in order to generate valuable revenues for the Church, school, or agency.

Unfortunately, it is not that simple and for this reason it has been long-standing Archdiocesan policy to forbid the use of Archdiocesan property for purposes not covered by the property tax exemption except under the most rare and/or temporary circumstances (e.g. see I.A. "N.B." and III.A. "film-making" sections below). A few of the reasons which militate against the use of Archdiocesan property by private individuals and *for-profit* organizations include the following:

- A. **Once given up, an exemption could be permanently lost.** The property tax exemption is based on the idea that the property for which an exemption is claimed is reasonably necessary to carry out the particular functions of the organization and is not "excess" property (e.g. vacant buildings and lots or a residence bequeathed from an estate and rented out to individuals would not be covered by the exemption). Not only would it be a complex administrative task to attempt to claim, give up, and then subsequently re-claim an exemption on all or part of a given piece of property, there is no guarantee that a claim, once surrendered, could readily be resumed. This concern is of particular importance in connection with the core, contiguous properties of the parishes, schools and agencies. (N.B. As opposed to limited cases where a separate and distinct private lot or residence is bequeathed to a parish and is already subject to property tax. In this circumstance the property may be leased out for an appropriate commercial or residential purpose.)

Another problem is the fact that even if a proposed commercial lessee offers to pay the property taxes under the applicable terms of the lease, if the lessee fails to do so a lien can be placed on the property by the Assessor's Office which can then create both a cloud on the title to the property as well as pose administrative hassles and significant expense to clear up.

- B. **Entering the commercial world may jeopardize the Religious Freedom protections of the Archdiocese.** Some would argue that if a religiously affiliated organization chooses to enter the "commercial" world it may be subject to the same non-discrimination laws, etc. that are applicable to other commercial (i.e. *for-profit*) enterprises, thereby jeopardizing the organization's ability to control its own property and to preserve the principles and teachings of its Faith.
- C. **The appearance may be created of joint commercial ventures and/or endorsements.** Even if the other hurdles, identified above, are adequately addressed there is an additional concern that leases with *for-profit* commercial entities that are operating side-by-side with facilities operated by religious organizations can create the appearance of a joint commercial venture between the respective organizations and/or the implication that the particular business activity is endorsed by the Archdiocesan entity.
- D. **Potential impact on income tax exemption.** The entities of the Archdiocese of San Francisco enjoy the privilege of exemption from Federal Income Tax under the so-called "Group Ruling". This exemption is premised on the understanding that

the organizations listed in Kenedy's Official Catholic Directory are substantially engaged in the Catholic affiliated activities under which they claim exemption in the first place (e.g. religious, charitable, educational). A failure to operate within these parameters can result in either the assessment of an unrelated business income tax on the commercial activities of the organization and/or the actual total loss of the exemption if the non-related activities are substantial. There is a limited exception to the unrelated business income tax provisions which allow an owner to receive passive rental income on its property from either a *for-profit* or non-profit organization. (This should not be confused with the property tax exemption which does not allow rentals to *for-profit* organizations.) However, if the overall rental activity of the Archdiocese with *for-profit* organizations were to become "significant" enough, from the IRS' perspective, even the income tax exemption could be jeopardized.

## **II. USE OF ARCHDIOCESAN PROPERTY REQUIRES THE EXECUTION OF STANDARD ARCHDIOCESAN LEASE OR OCCASIONAL USE FORMS.**

Any use of parish grounds by outside organizations (Catholic or otherwise) must be conditioned on the signing of the applicable standard Archdiocesan User/Lease form (e.g. Occasional Use form, Space in Building form, and Entire Building Lease form) available through the Archdiocesan Real Estate Office. These forms contain, *inter alia*, hold harmless and insurance provisions that will protect the parish/Archdiocese in the event of a claim. The Occasional Use form can be signed (so long as no amendments are made) by the pastor alone. The Lease forms must be signed by the Archbishop or his duly authorized corporate legal delegates at the Chancery.

These forms are also drafted so as to assure that not only an Archdiocesan institution's legal interests are adequately protected, but also to allow appropriate intervention in the event that any activity is proposed, or in fact occurs, which is in conflict with the teachings of the Catholic Church.

## **III. SPECIFIC TYPES OF USES.**

- A. **Film-making.** There are many beautiful and spacious buildings owned by the entities of the Archdiocese of San Francisco and it is sometimes difficult for government officials, members of the community, and the film-making industry in particular to understand that the Archdiocese of San Francisco is not in the business of renting or leasing its property to production companies and such accommodations can only be considered when the production positively portrays and upholds the principles, morals and values for which the Catholic Church stands. Such filming can not unduly interfere with the primary administrative tasks, goals and time for which the personnel and facilities of the Archdiocese are devoted. Special attention must be given to any proposed use of a church building dedicated

to divine worship. In this regard the parishes and agencies of the Archdiocese should be guided by the Motion Picture/Television Production Policy Resolution, presented by the Council of Priests and approved by the Archbishop in August of 1994. For ease of reference that policy is set forth in full below.

1. *The use of church property for motion picture or television production must be arranged through the Archdiocese Director of Communications.*
2. *Anyone employed by the Archdiocese who is approached directly by a production company or individual must direct the inquiry to the Director of Communications.*
3. *The Director of Communications will take the following steps:*
  - a) *Request a working script from the producers in advance.*
  - b) *Make certain the film or television production contains nothing offensive to Church teachings and environment.*
  - c) *Meet with the producers to clarify any questions concerning the script.*
  - d) *Make certain the appropriate compensation is discussed for the selected Archdiocesan property, and any entity which may be inconvenienced by the production and the technical advisors.*
  - e) *Meet with the administrator of the property to make certain the proposed project is supported by him/her and that it will be beneficial to the Church.*
4. *After the above steps have been followed:*
  - a) *The Director of Communications will present the project proposal to the Archbishop for approval.*
  - b) *If the Archbishop has any concerns or questions he would seek advice and counsel from appropriate sources.*
5. *If the Archbishop approves the project, then the Director of Communications will:*
  - a) *Inform the appropriate administrators.*
  - b) *Assign a technical advisor to work with the project.*
  - c) *Request the production company meet with the Archdiocesan attorney to draw the contract.*
  - d) *The administrator of the property and/or the Director of Communications will oversee the implementation of the Agreement.*

**B. Political Candidates and the Use of Archdiocesan Property for Purposes of Public Forums, Debates, and Lectures on Archdiocesan Property.**

In theory, non-partisan activity of this nature is permitted in connection with Church grounds. However, in practice, this is virtually impossible because the "nonpartisan", "non-biased" standards of the IRS essentially translate to a requirement of uncensored, equal access to all candidates (Including, for example, those promoting even the most blatantly offensive anti-Catholic conduct, platforms, messages, ads, etc. And, even where this does not in fact take place, providing candidates access to Church grounds (either directly by the Church or indirectly through Lessees, etc.) can create the unwanted impression that the Church supports a particular candidate for office). Therefore, no such activity of this nature should take place on Archdiocesan property.

Note: In situations where a campaign has already been decided and there is a desire by the community to gather, on a non-partisan, ecumenical-sponsored basis to pray that government officials will receive wisdom and guidance, this can be done on church grounds, though prior clearance with the Chancery office should take place.

Note Also: The above referenced restrictions concerning political candidates on Archdiocesan property should not be confused with permissible issue oriented speech and lawful lobbying activity which can take place on the property.

**Conclusion:** The above-referenced Policies and Procedures are designed to provide Pastors, Principals and Agency Heads with a ready resource when faced with proposed uses of Archdiocesan properties by outside individuals and organizations. The Vicar for Administration or Archdiocesan Legal Counsel should be contacted well in advance of the proposed event or use in order to put together the appropriate contract and/or provide assistance when there is doubt as to whether a particular use is in accord with these policies and procedures.

Section L.  
Insurance

## **Archdiocese of San Francisco Insurance Program Description**

(Not including Employee Benefits Insurance)

Effective July 1, 2019– Expiration July 1, 2020 (other than Workers Compensation)

The Archdiocesan Central Office administers the insurance programs for all parishes, schools, and other entities as outlined in this section in order to ensure proper coverage is maintained for each location and to gain favorable rates by pooling the risk throughout the Archdiocese. Coverages, limits, and deductibles may vary. No insurance should be purchased individually unless cleared through the Office of the Vicar for Administration or the Chief Financial Officer.

The purpose of this program is for the Archdiocese to cover risk exposures through a combination of insurance and self-insurance up to the coverage limits.

### **A. PROGRAM OVERVIEW:**

The Archdiocese of San Francisco's Property, Casualty and General Liability Insurance Programs are based upon a combination of traditional insurance, self-insurance and prudent risk management.

The Program consists of the following main coverages:

1. Property Insurance
2. Equipment Breakdown/Boiler & Machinery Insurance
3. General Liability, Automobile Liability, and certain Miscellaneous Specialty Liability Insurance
4. Workers' Compensation and Employers' Liability Insurance
5. Fidelity and Forgery/Crime Insurance
6. Fiduciary Liability Insurance
7. Special Events Insurance

### **B. INSURANCE PROGRAMS:**

#### **1. Property Insurance:**

The property insurance in our program provides coverage for damage to buildings and business personal property owned by the participating Archdiocesan Corporations subject to the terms and conditions of the property policy.

Because of the risk in California, earthquake insurance is extremely limited in coverage and very expensive. Therefore, the Archdiocese does not purchase earthquake coverage for its properties.

Property insurance coverage includes the loss of personal property at an Archdiocesan owned or an Archdiocesan assigned residence of incardinated priests of the Archdiocese while engaged in ministry directly on behalf of the Archdiocese. Any priest personal property in excess of \$5,000 will not be covered by our policy (the Parish deductible will be applied to each loss). Thus the priest is encouraged to purchase personal/renter's insurance coverage for all his personal items with a replacement value of over \$5,000.

Personal property of employees and visitors is not covered.

Tuition, fees and program revenues will be included as part of a claim for direct damage property from a covered loss should that loss result in an interruption of school/church business.

**Property exclusions** are based upon our insurance policy in existence at the time of loss. Please check with Arthur J. Gallagher & Co. for clarification.

**Automobile Comprehensive and Collision Coverage** for archdiocesan owned autos only is provided. There is no coverage for employee, volunteer, priest or other religious owned vehicles.

## 2. **General Liability, Automobile and Specialty Liability Insurance:**

The liability insurance program is provided to protect the participating Archdiocesan corporations and the priests, other religious, employees and volunteers who act on behalf of the Archdiocese within the scope of their duties. The program provides legal defense and indemnity for claims for legal liability made against the corporations and covered individuals subject to the terms and conditions of the insurance policies in effect.

**General Liability exclusions** are based upon our insurance policy in existence at the time of loss. Please check with Arthur J. Gallagher & Co. for clarification.

***High Risk Activities:*** Certain activities present situations that are **not covered by our insurance and are to be avoided**. These activities increase the Archdiocese's exposure to injury and financial loss. Any questions regarding acceptable activities should be directed to Arthur J. Gallagher & Co. prior to planning and/or scheduling the activity.

Activities that are considered high risk include but are not limited to:

- Placement of candles on the ground, on stands below waist-level, or at temporary shrines
- Use of vehicles for transportation such as watercraft or aircraft other than public/commercial transit, 15 passenger vans, hay rides.
- Sports activities such as bungee jumping, scuba diving, water skiing, river rafting, boxing or martial arts, rock climbing, ropes or obstacle course events in excess of 12 feet.

- Carnival operations such as “sumo wrestling”, human fly, and similar contact/impact events.
- Carnival rides, dunk tanks, bounce houses/all other inflatables, etc. except when operated by vendors under approved contracts.
- Fireworks, trampolines, inflatables and events involving livestock.

## **Property & Liability Claim Reporting**

### **Liability Claim Reporting:**

All new Liability claims (slip/falls, injuries to parishioners, auto accidents) are to be reported via email directly to:

**George Hills Co.** (New Administrator)

[MyGHCNewClaims@georgehills.com](mailto:MyGHCNewClaims@georgehills.com)

### **Property Claim Reporting:**

All new Property losses (water damage, fire, storm damage) are to be reported via phone or email to:

**Debbie Ramos**, Associate Manager

Archdiocese of San Francisco

Real Property Support Corporation

Direct (415) 292-0804 | Main 415-292-0800 | Fax 415-292-0805

Email: [ramosd@adsfrpsc.org](mailto:ramosd@adsfrpsc.org)

All claims should be reported promptly or at first knowledge of the loss. The e-mail should contain that your location is part of the Archdiocese of San Francisco, the basic facts such as the name of your parish/school, who was injured or what was damaged, where did the incident happen, what time and on what day did the incident happen, who was a witness to it, and how did the incident happen and the name of and contact info of the contact person at your location.

**Note on Property and Liability Claims Eligibility:** *A parish, school or agency presenting a claim must be current in its payment of insurance premiums. Status of the payment of premiums will be required prior to beginning adjustment of any claim reported except to the extent necessary to prevent further loss to property, life or value. If premium payments are not current, authorization will be given for only those steps necessary to secure a damaged area or prevent loss of life.*

### 3. **Workers Compensation and Employers Liability Insurance:**

The Archdiocese purchases Workers' Compensation and Employers' Liability coverages as required by law. All employees including private residence employees are covered, as are volunteers.

**Workers Compensation Claims Reporting: All workers compensation claims are to be reported directly to Church Mutual Insurance Company.**

Insurance Carrier: GuideOne Mutual Insurance Company

To report a claim for an injury to an employee only (volunteers are not covered) that occurs **on or after January 1, 2019** use the following:

- Call, fax first report of claim or email to:  
Telephone: (888) 748-4326  
Fax: (800) 676-4457  
Email: [CLU@guideone.com](mailto:CLU@guideone.com)
- 1. Identify yourself as being part of the **Roman Catholic Archdiocese of San Francisco**
- 2. Provide them with your new **Policy Number: 06141998**
- 3. Provide the name of your parish, school or location
- 4. The claims person answering the call will ask you for all the information they need.

We recommend that you download all of the claim forms and posting notices available on the GuideOne website at:

[https://claimskit.guideone.com/guideone\\_claimskit.php?state=CA&carrier\\_ID=29](https://claimskit.guideone.com/guideone_claimskit.php?state=CA&carrier_ID=29)

As noted above volunteers are no longer covered under the archdiocese's Workers' Compensation policy. A Volunteer Accident policy has been purchased and additional information will follow.

Should you need additional information contact Shasa Barbour at (415) 536-8662 or [shasa\\_barbour@ajg.com](mailto:shasa_barbour@ajg.com) at Arthur J. Gallagher & Co or Ken Urrutia at (415) 536-8476 or [ken\\_urrutia@ajg.com](mailto:ken_urrutia@ajg.com).

### 4. **Employee Dishonesty (Fidelity) and Forgery/Crime Insurance:**

Coverage is afforded to reimburse the Archdiocese for the fraudulent or dishonest acts of employees. A \$2,000,000 limit is provided subject to a \$2,500 deductible.

Due to the very sensitive nature of these potential losses, they should be handled **CONFIDENTIALLY** and immediately reported to either the Moderator of the Curia or the Chief Financial Officer.

### 5. **Fiduciary Liability Insurance:**

Fiduciary Liability insurance is provided to protect trustees and other fiduciaries of pension and retirement plans. A \$2,000,000 limit is provided, subject to a \$1,000 deductible.

## **C. RISK MANAGEMENT ASSISTANCE**

Whether the risk of loss is retained by the Archdiocese or transferred to an insurer, prudent risk management is the key to the long term stability and economic success of your insurance program.

In cooperation with Arthur J. Gallagher & Co. and our insurance companies, the Archdiocese has developed specific risk management guidelines to help minimize the possibility of claims and the effects of those losses that do occur.

If you become aware of a condition or circumstance for which you feel an unsafe hazard has been created, please contact our representatives below for assistance.

## ***RISK MANAGEMENT and INSURANCE CONTACTS:***

### ***For General Questions and Assistance:***

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#### ***Account Executive:***

*Ken Urrutia – Account Executive*

*Office 415.536.8476  
Mobile 925.323.2922  
Fax 415.536.8499  
Email: Ken\_Urrutia@AJG.com*

#### ***For Property & Liability Loss Claims Reporting:***

*Email:  
Liability:  
[MyGHCNewClaims@georgehills.com](mailto:MyGHCNewClaims@georgehills.com)  
Property: [ramosd@adsfrpsc.org](mailto:ramosd@adsfrpsc.org)*

#### ***For Documentation and Policy Coverage***

##### ***Questions:***

*Shasa Barbour - Account Manager*

*Office 415.536.8662  
Fax 415.536.8499  
Email: Shasa\_Barbour@AJG.com*

#### ***For Certificates of Insurance and Auto ID Cards:***

*Fumiko Linger– Account Representative*

*Office 415.536.8457  
Fax 415.536.8499  
E-mail: Fumiko\_Linger@ajg.com*

#### ***For Workers Compensation Claims Reporting:***

*GuideOne Insurance*

*Office 888.749.4326  
Fax 800.676.4457  
Email: CLU@guideone.com*

#### ***For Workers Compensation Claims Questions:***

*Deborah Olson – W. C. - Claims Analyst*

*Office 415.536.8630  
Fax 415.536.8499  
Email: Deborah\_Olson@AJG.com*

#### ***Mailing Address:***

*Arthur J. Gallagher & Co.  
1255 Battery Street, Ste. 450  
San Francisco, CA 94111*

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## **Roman Catholic Archbishop of San Francisco 2019 – 2020 Summary of Insurance**

### **Property**

Insurance Companies: Allied World National ACE/Westchester, Great American, Lloyds of London, Ironshore Specialty, BRIT, United States Fire, Homeland and Landmark American Ins.

Term: 07/01/19 – 07/01/20  
Total Program Limit: \$400,000,000 Per occurrence  
Location Deductible: \$2,500 Per occurrence (remaining program deductible handled by the Corp.)

### **Automobile Physical Damage**

Insurance Company: Self-Insured  
Term: 07/01/19 – 07/01/20  
Total Program Limit: N/A  
Location Deductible: \$1,000 Comprehensive and Collision

### **Boiler and Machinery**

Insurance Company: Hartford Steam Boiler  
Term: 07/01/19 – 07/01/20  
Total Program Limit: \$250,000,000  
Location Deductible: \$1,000 (Remaining policy deductible handled by the Corp.)

### **General and Automobile Liability**

Insurance Company: National Catholic Risk Retention Group, Berkley National Ins., Starstone National, Liberty Ins. Underwriters).  
Term: 07/01/19 – 07/01/20  
Total Program Limit: \$75,000,000  
Location Deductible: None (Policy retention handled by the Corp.)

### **Workers Compensation**

Insurance Company: Church Mutual  
Term: 07/01/19 – 07/01/20  
Total Program Limit: Statutory Benefits  
Location Deductible: None

### **Crime Coverage**

Insurance Company: Federal Insurance Company  
Term: 07/01/19 – 07/01/20  
Total Program Limit: \$2,000,000  
Location Deductible: \$2,500 (Remaining policy deductible handled by the Corp.)

**Fiduciary Liability**

Insurance Company: Travelers Casualty Insurance Company

Term: 07/01/19 – 07/01/20

Total Program Limit: \$2,000,000

Deductible: \$1,000 (Remaining program deductible handled by the Corp.)

**Special Event Liability – Outside Users**

Insurance Company: Employers Fire Insurance Company

Term: 07/01/19 – 07/01/20

Total Program Limit: \$1,000,000

Deductible: None

**Special Events 3<sup>rd</sup> Party Property Coverage – Outside Users**

Insurance Company: Employers Fire Insurance Company

Term: 07/01/19 – 07/01/20

Total Program Limit: \$1,000,000

Deductible \$250

Section M.  
Legal Services

## LEGAL SERVICES

Through the generosity of the Annual Appeal, the Archdiocese of San Francisco's Chancery Office maintains a Legal Office consisting of the General Counsel and one support staff person. This office is responsible for coordinating the legal affairs of all Archdiocesan parishes, schools, corporations, agencies and departments. Most non-litigation work is handled directly, and free of charge, by the Legal Office. Incidents covered under the Archdiocesan Insurance Program (e.g. slip and fall claims) are assigned to insurance defense counsel, subject to oversight by the General Counsel. Given the limited size of the Archdiocesan Legal Office, and the related desire to keep the Annual Appeal assessment for legal services to a minimum, certain legal services must be paid for directly by the parish, school or agency directly affected by, or benefiting from, the service. These include the following types of circumstances:

1. Litigation not covered by insurance. For example, breach of contract suits, land use hearings before local governmental bodies, prescriptive easement claims, will contests, etc. In the case of will contests, the Legal Office will ordinarily "front" the legal costs and be reimbursed out of the parish, school or agency's estate proceeds when received.
2. Real Property Sales (or complex long term lease arrangements). In such cases if the Legal Office does not handle the matter directly, it normally will "front" the legal costs and obtain reimbursement out of the proceeds of the real estate sale or lease.
3. Other complex matters uniquely benefiting a particular parish, school or agency (as opposed to benefiting these bodies as a whole) that require extensive outside legal expertise and/or time. Depending on the actual time and costs involved, the parish, school or agency may be expected to pay for all or some of the costs of retaining outside counsel.

No parish, school or agency may initiate legal action or formally engage the services of outside legal counsel without the approval of, and continued oversight by, the Archdiocesan Legal Office. All probate notices received by parishes, schools, and agencies shall be promptly directed to the Legal Office which shall be responsible for shepherding the matter through the gift distribution stage. The Legal Office will coordinate its efforts with the Archdiocesan Stewardship Office which in turn will work with Pastors, Principals and Agency Heads in terms of providing appropriate recognition to the family of testators etc.

# **Parish and School Financial Accounting and Reporting System**

**The Archdiocese of San Francisco  
One Peter Yorke Way  
San Francisco, CA 94109**

# Financial Accounting & Reporting System

## Preface

The Parish Financial Accounting and Reporting System is composed of two components the Uniform Chart of Accounts and the Financial Reporting Package. Each component complements the other and together they comprise the main tool a Pastor and Parish Financial Council will use to manage the financial affairs of a parish.

The Uniform Chart of Accounts is essential for the parish/school to use in recording the financial transactions of the unit. A standard account structure throughout the Archdiocese ensures that a standard of control and reporting consistency exists. Also, through standardization a parish/school can compare current year to last year and budget to determine where major variances occur and where corrective action needs to be taken. In addition it also ensures that at the Archdiocesan level comparison from parish to parish or school to school can be made without major variances in interpretations of how parish/school activity is reported.

The Uniform Chart of Accounts consists of the following attributes:

- It is designed to be used in a double entry accounting system where the books balance with Assets equaling Liabilities and Fund balance.
- It is designed to be used with the cash or accrual accounting method. It is strongly recommended the accrual method be used as it depicts a better comparison between revenues and expenses in any given time period.
- The account structure lends itself to enable a parish/school to report either by type of expense (e.g. Salaries, Utilities) or by program (e.g. Liturgy, Youth).
- Assets and liabilities are to be reported in the Balance Sheet format where the net assets (assets less liabilities) of a parish/school are reported separately from the financial operating activities of a given accounting period be it a month, quarter or year.
- The significant balance sheet categories are:
  - Assets
    - Cash
      - All deposits in banking institutions and on hand which are in the name and/or tax ID number of the parish/school are considered to be an asset of the parish/school and therefore must be recorded in the financial records of the parish/school. This includes parish/school organizational funds.

- Receivables
  - Any moneys owed to a parish/school such as tuition, fees, etc. for services performed in the past should be shown as a receivable.
- Investments
  - All investments of funds for the parish/school must be recorded on the books. Parishes/schools shall only have funds invested with the Capital Assets Support Corporation Deposit and Loan Fund or Investment Pool
- Tangible Assets-Land, Buildings and Equipment
  - Refer to the Fixed Asset Accounting Procedure for the identified items to be set up as Fixed Assets. This procedure refers only to future transactions.
- Liabilities
  - Payables
    - Any amounts owed to vendors and suppliers for past services and goods must be recorded in the books even if they are not paid at the end of the accounting reporting period. These are services/products purchased which must be matched to the revenue generated in the proper period.
  - Payroll
    - Any money owed to any lay employee or clergy must be recorded at the end of the accounting reporting period.
  - Funds held for others
    - Any money held for others, including parish/school organizations and special collections, must be shown as a liability.
  - Deferred Revenue
    - Any money received which is for future services must be shown as a liability until that service is received. This would include items such as school tuition and fees paid prior to June 30th for the following school year.
- Net Assets
  - These reflect the excess of assets over liabilities at the end of the accounting period. The excess of Revenue over Expenses of a given

accounting period will increase the Net Assets of a parish/school. Conversely excess of expense over revenue in a given accounting period will decrease the Net Assets of a parish/school.

- The Statement of Revenue and Expenses shows the financial activities of a given period of time be it a month, quarter or year which affect the Net Assets of a parish/school. The Statements of Revenue and Expense could be comprised of two components for recording a period's activity.
  - Revenues and Expenses
    - The accounting format allows for the recording of revenue received and expenses incurred for operations by type and by program. This accommodation allows for reporting by program, if the parish/school prefers, to its constituencies or by the type as required for reporting to the Archdiocese.
  - Restricted Gifts
    - The system allows for the recording of gifts/donations by the donors intention when the gifts are not used in the current period. If the donor restricted the use of the gift then it is to be recorded as a restricted gift. If no restriction is stated then the funds are unrestricted and can be used for general parish purposes as deemed appropriate, they are recorded as revenue received for current operations. For a further explanation of restricted/unrestricted gifts see section F.-Investments of Parish Surplus Funds and section G- Endowments.

To aid in the use of the new system, in the following pages of this booklet the structure of the chart of accounts is explained in detail, a summary detail of the standard accounts, as well as a description of each account, and example entries are shown.

In addition, this booklet includes a reporting package that is required to be submitted annually to the Archdiocese for each parish and school.

The system described in this booklet is intended to be used with the control policies and procedures shown in the Archdiocesan Parish and School Financial Policies Manual in order to provide a total system of financial management of a parish/school.

# Uniform Parish General Ledger Chart of Accounts

## Introduction

The Parish and School Uniform Chart of Accounts is to be used by every parish and school in the Archdiocese of San Francisco. This Chart of Accounts provides a standard method of accounting and reporting the operating results of the parish and school. Its use will provide for continuity in the event of a change in bookkeeper, accountant, or other individuals involved in the financial administration of the parish and school. Most importantly, its use will enable the parish and school to consistently classify financial transactions and provide meaningful financial statements that can be used to evaluate current financial status of the parishes and schools and plan for the future. The chart of accounts can be used with either a manual or a computerized bookkeeping system.

## Description of Account Structure and Use

### 1. Modifiable.

This Chart of Accounts can be used by parishes and schools with smaller operations which prefer a limited number of accounts, and by larger parishes and schools that may need further breakdown of income and expense by specific programs.

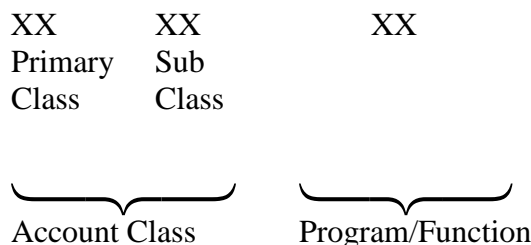
### 2. Cash or Accrual.

The Chart of Accounts has been developed based on an accrual reporting method. However, the accrued accounts will be required to be used only at year end to recognize goods and/or services received for which no payment has been made and cash received for which no services have been recorded.

### 3. Chart of Account Format.

The Chart of Accounts uses a six-digit account number. The first four digits identify the 'account class' -- a particular asset, liability, revenue, or expense (with the first two digits the primary class and the last two the sub class). The last two digits of the six digits identify a specific program or function (see below).

#### Account Structure



#### **4. Account Class.**

The Chart of Accounts is flexible and provides for much greater detail if desired by adding Sub Classes (the last two digits of the four digit 'Account Class'). Some Sub Classes have been set up for you. For example, if a parish/school would like to maintain a breakdown of the different utility bills, it could define additional sub-accounts in the 7320 Light & Power expense.

73XX	Utilities
7320	Light & Power
7321	Electricity Meter #456-123456
7322	Electricity Meter #789-456123
7323	Electricity Meter #123-456789
7324	Gas

#### **5. Program (or Function) Codes.**

Program codes are optional and do not have to be used. Parishes and schools can choose to use as many, or as few, program codes as they desire. This provides the Pastor and Parish Finance Council with the flexibility to report the financial activity in program or summary form. Program codes are to be used only for revenues and expenditures, and never for assets, liabilities, or fund account.

#### **6. The definitions of the Sub Classes are different than program breakdown**

Subclass further breaks down the account. Program/function codes identify for what purposes the money was received/spent.

#### **7. Familiarity.**

Familiarity with the Chart of Accounts is essential for the bookkeeper and the accountant. At the outset, these persons must read the program and account definitions. Where possible, the existing accounts should be related to the new program and account codes. This identification (translation) will make the transition from the existing accounting system to the new Uniform Chart of Accounts much easier.

### **Programs/Sub-Groupings**

#### **1 Parish Balance Sheet Items**

All balance sheet accounts (assets, liabilities and fund balances), since they do not relate to a specific program but rather to the parish as a whole, utilize the program code 01. If school books are part of the parish books, its balance sheet account numbers will use 02 so that if desired separate balance sheets can be produced for each entity even though there is only one set of books.

#### **2 School Balance Sheet Items**

School balance sheet accounts will end in 02 to be differentiated from the parish balance sheet.

**10-19 General Parish Operation**

This section would include all general receipts and disbursements not accounted for in the other programs listed below as well as administrative costs of running the parish, such as secretarial, bookkeeping, clergy, rectory, parish office, parish center etc.

**20-29 General School Operations**

This section would include all general receipts and disbursements not accounted for in the other programs listed below as well as administrative costs of running the school.

**30-39 Parish Fund-raisers**

This section would include all parish fund raisers such as auctions, scrip, bingo, parish dinners, parish dances, carnivals, festivals, Reno night, etc. Although there are designated revenue codes for these fund-raisers, the program codes will need to be used if a parish wishes to account for all revenues and expenses by fund-raiser.

**40-49 School Fund-raisers**

This section would include all school fund raisers such as auctions, scrip, bingo, gift wrap, dinners, dances, car washes, bake sales, etc. Although there are designated revenue codes for these fund-raisers, the program codes will need to be used if a school wishes to account for all revenues and expenses by fund-raiser.

**50-69 Parish Programs**

This section would include all parish programs such as liturgy music, RCIA, sacramental preparation, youth, social ministry, social action, evangelization, religious education, adult education, marriage and family life, Pastoral Council, etc.

**70-79 School Programs**

This section would include all school programs such as educational, extended care, athletic, music (band), etc.

**80-89 Parish Facilities**

This section would include tracking of expenditures by “parish” facility or building. School buildings are owned by a parish; therefore all major school facility capital expenditures will be carried on the parish books.

**90-99 Other**

This section would include any program not included under the other sections such as capital campaigns, cemeteries, etc.

## Master Chart of Accounts Parish and School

### Assets

#### **10XX Cash & Cash Equivalents**

1010-1029	Checking Account
1030	Payroll Account
1040	Savings/Money Market Accounts
1050	Special Purpose Checking Accounts
1060	Petty Cash
1080	Beneficial Interest Deposits in CASC's D&L Fund-Parish
1090	Beneficial Interest in Deposits in CASC's D&L Fund-School

#### **12XX Receivables**

1210	Accounts Receivable
1220	Tuition/Fees Receivable
1240	Provision for Bad Debt

#### **125X Accounts Receivable Inter/Intra Company**

1251	Accounts Receivable-Archdiocese
1252	Accounts Receivable-CASC
1253	Accounts Receivable-RPSC

#### **13XX Other Assets**

1310	Prepaid Expenses
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#### **14XX Inventory**

1410-1419	Scrip Inventory
1420-1429	Bingo Inventory
1430-1449	Other Revenue Inventory Items
1499	<i>Undeposited Funds (to be used with Quickbooks system only)</i>

#### **15XX Investments**

##### **151X Investment Pool**

1510-1529	Beneficial Interest in CASC's Investment Pool - Unrestricted/Parish Designated
1530-1549	Beneficial Interest in CASC's Investment Pool - Donor Restricted
1550-1569	Beneficial Interest in CASC's Investment Pool- Endowed
1590	Other Investments*

***\* These are temporary accounts to be used only until funds are deposited in the CASC Deposit Fund or Investment Pool.***

#### **16XX Land, Buildings and Equipment**

1601	Construction in Progress (CIP)
1620-1629	Parish/School Furniture, Fixtures, and Equipment (FF&E)
1650-1659	Parish/School Vehicles

#### **169X Accumulated Depreciation**

1692	Accum. Depreciation - Parish/School Furn, Fixt, & Equip.
1696	Accum. Depreciation - Parish/School Vehicles

## **Liabilities**

<b>21XX</b>	<b>Accounts Payable</b>
2110	Accounts Payable-Archdiocese
2111	Accounts Payable-CASC
2112	Accounts Payable -RPSC
2120	Accounts Payable - Trade
2140	Accounts Payable - Other
<b>22XX</b>	<b>Accrued Payroll &amp; Withholding</b>
2201	Accrued Payroll
2202	Accrued Pension
2203	Accrued Employer Payroll Tax
2204	Accrued Employee Medical Insurance
<b>23XX</b>	<b>Exchange Account</b>
2310	Exchange Account
<b>26XX-28XX</b>	<b>Funds Held For Others</b>
2620	Funds held (on Parish books) for Parish Schools
2630	Parish Organizations
2640	School Organizations
<b>270X</b>	<b>Parish Special Collections -- Archdiocesan/National Collection Funds</b>
2701	Bishops' Overseas Relief (Catholic Relief Service)
2702	Black Catholics/Latin America
2703	Campaign for Human Development
2704	Catholic Charities
2705	Catholic University
2706	Communications
2707	Holy Father
2708	Holy Land
2709	Mission Co-Op
2710	Operation Rice Bowl
2711	Priest Retirement
2712	Religious Retirement Fund
2713	World Mission
<b>28XX</b>	<b>Deferred Revenue</b>
2810	School Tuition
2811	School Fees
<b>2900</b>	<b>Reduction in Beneficial Interest CASC- Awards Payable</b>

## **Net Assets**

<b>3XXX</b>	<b>Net Assets</b>
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3000	<i>Begin Yr. Equity Bal (to be used with Quickbooks system only)</i>
3010	Unrestricted
3050	Donor Restricted Assets
3070	Donor Endowment Assets
3901	<i>Current Yr. Equity Changes (to be used with Quickbooks system only)</i>

## **Revenues**

### **41XX Collections**

4110	Sunday Collections
4115	Christmas
4120	Easter
4125	Other holy days
4130	School Collections
4140	Annual Appeal-Refund [Deficit]
4145	Parish Fundraising Collection

### **42XX Sacramental Offerings**

4201	Baptisms
4202	Marriage
4203	Funeral
4204	Other

### **43XX Development/Fund-raisers**

4301	Scrip Receipts
4305	Scrip Costs
4310	Bingo Receipts
4315	Bingo Games Materials Costs

### **433X Other Fund Raisers**

4320	Social Activities
4330	Festivals, Auctions, & Raffles Receipts
4340	Festivals, Auctions, & Raffles Costs
4350	Parish Organizations
4370	School Organizations
4380	Parish Drive (not AAA)
4381	Parish Drive Cost (not AAA)
4385	Matching Grant Income
4390	Other Activities and Events

### **44XX Educational & Sacramental Fees**

4401	Baptismal Preparation
4402	First Communion Preparation Fees
4403	Confirmation Preparation Fees
4404	CCD/Religious Education Fees
4405	RCIA Fees
4406	Marriage & Family Life Fees
4407	Youth Ministry Fees
4408	Community Outreach & Services Fees

4409	Adult Education Fees
4410	Preschool Fees
4411	Senior Program Fees
4412-4490	Other Program Fees
<b>45XX</b>	<b>Gifts, Donations and Grants</b>
4501	Unrestricted Parish/School Gifts & Bequests
4503	Subsidies - Archdiocese
4504	Subsidies - Other Parishes
4505	Government Grants
<b>46XX</b>	<b>Other Operating Income</b>
4610	Chaplain fees
4615	Publications -- Advertising Income
4620	Gifts Shop Sales
4621	Literature and Pamphlet Sales
4622	Votive Candles
4623	Poor Box
4640	Room & Board
4650	Rental Property Income
4655	Facility Rental Income
4656	Facility Rental Services Income
4660	Income from Student Services
<b>47XX</b>	<b>Non-Operating Income</b>
4710	Interest Investment Income Earned on Parish Deposits with banks & Other Financial Institutions
4711	Increase in Beneficial Interest-CASC-Investment Income Earned on Unrestricted Funds in D & L Fund
4712	Distribution Beneficial Interest-CASC-Awards from Unrestricted Investment Pool Accounts
4713	Change in Beneficial Interest-CASC- Unrestricted Investment Pool Accounts
4720	Gain [Loss] on Sales of Assets
4725	Insurance Settlements
4730	Other Miscellaneous Revenue
<b>48XX</b>	<b>School Income</b>
4810	Basic Tuition
<b>482X</b>	Tuition Assistance
4821	Archdiocesan Scholarship & Family Grant
4822	B.A.S.I.C. Fund Grant
4823	Making Waves
4824	Knights of Columbus
4825	Guardsmen
4826-4829	Other Program Assistance
<b>485X</b>	<b>Fees</b>
4851	Registration
4852	Extended Care

4853	Student Activities
4854	Outdoor Activities
4855	Graduation
4856-4859	Other
<b>488X</b>	<b>School Subsidies</b>
4881	Home Parish
4882	Out of Parish Tuition Subsidy
4883	Archdiocesan
4884-4889	Other
<b>49XX</b>	<b>Donor Restricted Donations</b>
4910	Endowments Received
4911	Donor Restricted Gifts and Bequests
4920	Distribution Beneficial Interest-CASC Endowment Investment Pool Accounts
4921	Change in Beneficial Interest-CASC- Endowment Investment Pool Accounts
4922	Distribution Beneficial Interest-CASC- Restricted Investment Pool Accounts
4923	Change in Beneficial Interest-CASC Restricted Investment Pool Accounts.
4924	Increase in Beneficial Interest-CASC Income on Restricted Deposits in Parish Deposit & Loan Fund
4930	Net Assets Released from Restrictions
4940	Net Restricted Assets Used -- Donor Endowment
4950	Net Restricted Assets Used -- Donor Restricted
<b><u>Expenses</u></b>	
<b>61XX</b>	<b>Compensation &amp; Wages</b>
<b>610X</b>	<b>Personnel Costs - Parish</b>
6101	Compensation: Priests
6102	Compensation: Priests (Supply)
6103	Compensation: Religious (non-school)
6104	Compensation: Deacons
6105	Salaries: Lay
<b>615X</b>	<b>Salaries - School</b>
6152	Salaries: Certified Staff (Teachers, Principal, Vice Principal)
6153	Salaries: Substitute Teachers
6154	Salaries: Teacher's Aides
6155	Salaries: Professional Staff Non-Teachers
6156	Salaries: Support Staff
6157	Salaries: Maintenance Staff
<b>62XX</b>	<b>Payroll Taxes Employer</b>
6201	Payroll Taxes - FICA
6202	Payroll Taxes - SUI
6203	Worker's Compensation Expense
<b>63XX</b>	<b>Employee Benefits</b>

6301	Auto Insurance -- Priests
6302	Continuing Education/Training (non-clergy)
6303	Retreat Fee/Continuing Education
6304	Health & Medical Insurance
6305	Life Insurance
6306	Long Term Disability
6307	Accidental Death and Dismemberment
6308	Employee Pension Expense
6309	Housing, Room & Board
6399	Allocated Payroll & Benefits
<b>64XX</b>	<b>Transportation &amp; Travel</b>
6410	Transportation -- Air/Rail/Bus
6420	Transportation -- Auto Rental
6430	Mileage Reimbursement
6440	Conferences & Conventions
6450	Food and Lodging
6460	Other Travel Related Costs
<b>70XX</b>	<b>Educational Expenses</b>
7010-7019	Textbooks
7020-7029	Instructional Materials
7030-7039	Equipment Expense
7040-7049	Multimedia and Library Books & Expenses
7050-7059	Fees
7060-7069	Archdiocesan Fees
7070-7079	Training Expense
7080-7099	Other
<b>71XX</b>	<b>Student Activities &amp; Services</b>
7110-7119	Food Service
7120-7129	Extended Care
7130-7139	Student Activities
7140-7149	Student Services
<b>72XX</b>	<b>Property Costs</b>
7201	Property Management Fees
7210	Janitorial
7215	Landscape
7220	Building Rent
7230	Maintenance & Repairs
7235	Property Taxes
7240	Security
7290	Other Property Costs
<b>73XX</b>	<b>Utilities</b>
7310	Refuse
7320	Heating
7330	Light & Power
7340	Water & Sewer

7350	Telephone
7360	Other
<b>74XX</b>	<b>Furniture, Fixtures and Equipment</b>
7410	Furniture, Fixtures and Equipment
7415	Rentals
7420	Depreciation -- Furniture, Fixtures and Equipment
7425	Depreciation -- Vehicles
7430	Maintenance Contracts -- Furniture, Fixtures and Equipment
7431	Repairs -- Furniture, Fixtures and Equipment
7435	Maintenance & Repair -- Vehicles
7450	Other Vehicle Costs
<b>75XX</b>	<b>General &amp; Administrative</b>
7510	Postage
<b>752X</b>	<b>Printing and Publications</b>
7521	Parish/School Directory
7522	Bulletin
7525	Duplicating
7530	Outside Accounting Purchased Services
7540	Legal Services
7545	Armored Services
7550	Payroll Processing Services
7560	Outside Professional Purchased Services
7570	Subscriptions & Periodicals
7580	Supplies
7585	Office Supplies
7586	Other Supplies
7595	Interest Expense
7596	Bank Charges
7599	Other G&A Expenses
<b>76XX</b>	<b>Other Operating Expenses</b>
7605	Public Relations
7610	Dues
7614	Insurance Premium -- General Liability / Property
7616	Insurance Premium -- Vehicles
7617	Insurance Premium -- Student Accident
7618	Insurance Losses -- Not Covered by Policies
7620	Laundry and Dry Cleaning
7625	Worship Supplies
7630	Offertory Envelopes
7635	Book Rack
7636	Gift Shop Cost
7640	Votive Candles
7650	Entertainment/Appreciation
7700	Bad Debt
<b>80XX</b>	<b>Other Expenses</b>

8003	Chaplain Fees
8020	Property Transfer
8021	Parish Facility Rental Expenses
8022	Other Rental Property Expense
<b>90XX</b>	<b>Subsidies</b>
9003	School Subsidies
9004	Out of Parish School Subsidies
9005	Subsidies to others

## Master Chart of Accounts

### Parish only

#### Assets

#### **10XX Cash & Cash Equivalents**

1010-1029	Checking Account
1030	Payroll Account
1040	Savings/Money Market Accounts
1050	Special Purpose Checking Accounts
1060	Petty Cash
1080	Beneficial Interest Deposits in CASC's D&L Fund-Parish
1090	Beneficial Interest Deposits in CASC's D&L Fund-School

#### **12XX Receivables**

1210	Accounts Receivable
1220	Tuition/Fees Receivable
1240	Provision for Bad Debt

#### **125X Accounts Receivable Inter/Intra-Company**

1251	Accounts Receivable-Archdiocese
1252	Accounts Receivable-CASC
1253	Accounts Receivable-RPSC

#### **13XX Other Assets**

1310	Prepaid Expenses
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#### **14XX Inventory**

1410-1419	Scrip Inventory
1420-1429	Bingo Inventory
1430-1449	Other Revenue Inventory Items
1499	<i>Undeposited Funds (to be used with Quickbooks system only)</i>

#### **15XX Investments**

##### **151X Investment Pool**

1510-1529	Beneficial Interest in CASC's Investment Pool - Unrestricted/Parish Designated
1530-1549	Beneficial Interest in CASC's Investment Pool -- Donor Restricted
1550-1569	Beneficial Interest in CASC's Investment Pool- Endowed
1590	Other Investments*

*\* These are temporary accounts to be used only until funds are deposited in the CASC Deposit Fund or Investment Pool.*

#### **16XX Land, Buildings and Equipment**

1601	Construction in Progress (CIP)
1620-1629	Parish Furniture, Fixtures, and Equipment (FF&E)
1650-1659	Parish Vehicles

**169X**

**Accumulated Depreciation**

1692	Accum. Depreciation -- Parish Furn., Fixtures, and Equip.
1696	Accum. Depreciation -- Parish Vehicles

## **Liabilities**

### **21XX      Accounts Payable**

2110	Accounts Payable to the Archdiocese
2111	Accounts Payable-CASC
2112	Accounts Payable-RPSC
2120	Accounts Payable - Trade
2140	Accounts Payable - Other

### **22XX      Accrued Payroll & Withholding**

2201	Accrued Payroll
2202	Accrued Pension
2203	Accrued Employer Payroll Tax
2204	Accrued Employee Medical Insurance

### **23XX      Exchange Account**

2310	Exchange Account
------	------------------

### **26XX-28XX      Funds Held For Others**

2620	Funds held (on Parish books) for Parish Schools
2630	Parish Organizations
2640	School Organizations

### **270X      Parish Special Collections -- Archdiocesan/National Collection Funds**

2701	Bishops' Overseas Relief (Catholic Relief Service)
2702	Black Catholics/Latin America
2703	Campaign for Human Development
2704	Catholic Charities
2705	Catholic University
2706	Communications
2707	Holy Father
2708	Holy Land
2709	Mission Co-Op
2710	Operation Rice Bowl
2711	Priest Retirement
2712	Religious Retirement Fund
2713	World Mission

### **2900      Reduction in Beneficial Interest CASC-Awards Payable**

## **Net Assets**

### **3XXX      Net Assets**

3000	<i>Begin Yr. Equity Bal (to be used with Quickbooks system only)</i>
3010	Unrestricted
3050	Donor Restricted Assets

3070	Donor Endowment Assets
3901	<i>Current Yr. Equity Changes (to be used with Quickbooks system only)</i>

## **Revenues**

### **41XX Collections**

4110	Sunday Collections
4115	Christmas
4120	Easter
4125	Other holy days
4130	School Collections
4140	Annual Appeal Refund (Deficit)
4145	Parish Fundraising Collection

### **42XX Sacramental Offerings**

4201	Baptisms
4202	Marriage
4203	Funeral
4204	Other

### **43XX Development/Fund-raisers**

4301	Scrip Receipts
4305	Scrip Costs
4310	Bingo Receipts
4315	Bingo Games Materials Costs

### **433X Other Fund Raisers**

4320	Social Activities
4330	Festivals, Auctions, & Raffles Receipts
4340	Festivals, Auctions, & Raffles Costs
4350	Parish Organizations
4380	Parish Drive (not AAA)
4381	Parish Drive Cost (not AAA )
4385	Matching Grant Income
4390	Other Activities and Events

### **44XX Educational & Sacramental Fees**

4401	Baptismal Preparation
4402	First Communion Preparation Fees
4403	Confirmation Preparation Fees
4404	CCD/Religious Education Fees
4405	RCIA Fees
4406	Marriage & Family Life Fees
4407	Youth Ministry Fees
4408	Community Outreach & Services Fees
4409	Adult Education Fees
4410	Preschool Fees
4411	Senior Program Fees

4412-4490	Other Program Fees
<b>45XX</b>	<b>Gifts, Donations and Grants</b>
4501	Unrestricted Parish/School Gifts & Bequests
4503	Subsidies - Archdiocese
4504	Subsidies - Other Parishes
4505	Government Grants
<b>46XX</b>	<b>Other Operating Income</b>
4610	Chaplain fees
4615	Publications -- Advertising Income
4620	Gifts Shop Sales
4621	Literature and Pamphlet Sales
4622	Votive Candles
4623	Poor Box
4640	Room & Board
4650	Rental Property Income
4655	Facility Rental Income
4656	Facility Rental Services Income
<b>47XX</b>	<b>Non-Operating Income</b>
4710	Interest Investment Income Earned on Parish Deposit with banks & other financial institutions
4711	Increase in Beneficial Interest-CASC-Investment Income Earned on Unrestricted Funds in Parish Deposit & Loan Fund
4712	Distribution Beneficial Interest-CASC- Awards from Unrestricted Investment Pool Accounts
4713	Change in Beneficial Interest-CASC-Unrestricted Investment Pool Accounts
4720	Gain [Loss] on Sales of Assets
4725	Insurance Settlements
4730	Other Miscellaneous Revenue
<b>49XX</b>	<b>Donor Restricted Donations</b>
4910	Endowments Received
4911	Donor Restricted Gifts and Bequests
4920	Distribution Beneficial Investment-CASC Endowment Investment Pool Accounts
4921	Change in Beneficial Interest-CASC- Endowment Investment Pool Accounts
4922	Distribution Beneficial Interest-CASC Restricted Investment Pool Accounts
4923	Change in Beneficial Interest-CASC Restricted Investment Pool Accounts.
4924	Increase in Beneficial Interest-CASC Income on Restricted Deposits in Parish Deposit & Loan Fund
4930	Net Assets Released from Restrictions
4940	Net Restricted Assets Used -- Donor Endowment
4950	Net Restricted Assets Used -- Donor Restricted

## **Expenses**

<b>610X</b>	<b>Personnel Costs - Parish</b>
6101	Compensation: Priests
6102	Compensation: Priests (Supply)
6103	Compensation: Religious (non-school)
6104	Compensation: Deacons
6105	Salaries: Lay
<b>62XX</b>	<b>Payroll Taxes Employer</b>
6201	Payroll Taxes - FICA
6202	Payroll Taxes - SUI
6203	Worker's Compensation Expense
<b>63XX</b>	<b>Employee Benefits</b>
6301	Auto Insurance -- Priests
6302	Continuing Education/Training (non-clergy)
6303	Retreat Fee/Continuing Education
6304	Health & Medical Insurance
6305	Life Insurance
6306	Long Term Disability
6307	Accidental Death and Dismemberment
6308	Employee Pension Expense
6309	Housing, Room & Board
6399	Allocated Payroll & Benefits
<b>64XX</b>	<b>Transportation &amp; Travel</b>
6410	Transportation -- Air/Rail/Bus
6420	Transportation -- Auto Rental
6430	Mileage Reimbursement
6440	Conferences & Conventions
6450	Food and Lodging
6460	Other Travel Related Costs
<b>70XX</b>	<b>Educational Expenses</b>
7010-7019	Textbooks
7020-7029	Instructional Materials
7030-7039	Equipment Expense
7040-7049	Multimedia and Library Books & Expenses
7050-7059	Fees
7060-7069	Archdiocesan Fees
7070-7079	Training Expense
7080-7099	Other
<b>72XX</b>	<b>Property Costs</b>
7201	Property Management Fees
7210	Janitorial
7215	Landscape
7220	Building Rent
7230	Maintenance & Repairs
7235	Property Taxes

7240	Security
7290	Other Property Costs
<b>73XX</b>	<b>Utilities</b>
7310	Refuse
7320	Heating
7330	Light & Power
7340	Water & Sewer
7350	Telephone
7360	Other
<b>74XX</b>	<b>Furniture, Fixtures and Equipment</b>
7410	Furniture, Fixtures and Equipment
7415	Rentals
7420	Depreciation -- Furniture, Fixtures and Equipment
7425	Depreciation -- Vehicles
7430	Maintenance Contracts -- Furniture, Fixtures and Equipment
7431	Repairs -- Furniture, Fixtures and Equipment
7435	Maintenance & Repair -- Vehicles
7450	Other Vehicle Costs
<b>75XX</b>	<b>General &amp; Administrative</b>
7510	Postage
752X	Printing and Publications
7521	Parish/School Directory
7522	Bulletin
7525	Duplicating
7530	Outside Accounting Purchased Services
7540	Legal Services
7545	Armored Services
7550	Payroll Processing Services
7560	Outside Professional Purchased Services
7570	Subscriptions & Periodicals
7580	Supplies
7585	Office Supplies
7586	Other Supplies
7595	Interest Expense
7596	Bank Charges
7599	Other G&A Expenses
<b>76XX</b>	<b>Other Operating Expenses</b>
7605	Public Relations
7610	Dues
7614	Insurance Premium -- General Liability / Property
7616	Insurance Premium -- Vehicles
7617	Insurance Premium -- Student Accident
7618	Insurance Losses -- Not Covered by Policies
7620	Laundry and Dry Cleaning
7625	Worship Supplies

7630	Offertory Envelopes
7635	Book Rack
7636	Gift Shop Cost
7640	Votive Candles
7650	Entertainment/Appreciation
7700	Bad Debt
<b>80XX</b>	<b>Other Expenses</b>
8003	Chaplain Fees
8020	Property Transfer
8021	Parish Facility Rental Expenses
8022	Other Rental Property Expense
<b>90XX</b>	<b>Subsidies</b>
9003	School Subsidies
9004	Out of Parish School Subsidies
9005	Subsidies to others

## Master Chart of Accounts School only

### Assets

#### **10XX Cash & Cash Equivalents**

1010-1029	Checking Account
1030	Payroll Account
1040	Savings/Money Market Accounts
1060	Petty Cash
1090	CASC Deposit/Loan Fund -School

#### **12XX Receivables**

1210	Accounts Receivable
1220	Tuition/Fees Receivable
1240	Provision for Bad Debt

#### **1250 Accounts Receivable-Inter/Intra Company**

1251	Accounts Receivable-Archdiocese
1252	Accounts Receivable-CASC
1253	Accounts Receivable-RPSC

#### **13XX Other Assets**

1310	Prepaid Expenses
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#### **14XX Inventory**

1410-1419	Scrip Inventory
1420-1429	Bingo Inventory
1430-1449	Other Revenue Inventory Items
1499	<i>Undeposited Funds (to be used with Quickbooks system only)</i>

#### **15XX Investments**

##### **151X Investment Pool**

1510-1529	Beneficial Interest in CASC's Investment Pool - Unrestricted/Parish Designated
1530-1549	Beneficial Interest in CASC's Investment Pool -Donor Restricted
1550-1569	Beneficial Interest in CASC's Investment Pool- Endowed
1590	Other Investments*

*\* These are temporary accounts to be used only until funds are deposited in the CASC Deposit Fund or Investment Pool.*

#### **16XX Land, Buildings and Equipment**

1620-1629	School Furniture, Fixtures, and Equipment
1650-1659	School Vehicles

##### **169X Accumulated Depreciation**

1692	Accum. Depreciation -- School Furn., Fixtures, and Equip.
1696	Accum. Depreciation -- School Vehicles

## **Liabilities**

<b>21XX</b>	<b>Accounts Payable</b>
2110	Accounts Payable- Archdiocese
2111	Accounts Payable-CASC
2112	Accounts Payable-RPSC
2120	Accounts Payable - Trade
2140	Accounts Payable - Other
<b>22XX</b>	<b>Accrued Payroll &amp; Withholding</b>
2201	Accrued Payroll
2202	Accrued Pension
2203	Accrued Employer Payroll Tax
2204	Accrued Employee Medical Insurance
<b>23XX</b>	<b>Exchange Account</b>
2310	Exchange Account
<b>26XX-28XX</b>	<b>Funds Held For Others</b>
2640	School Organizations
<b>28XX</b>	<b>Deferred Revenue</b>
2810	School Tuition
2811	School Fees
<b>2900</b>	<b>Reduction in Beneficial Interest CASC-Awards Payable</b>

## **Net Assets**

<b>3XXX</b>	<b>Net Assets</b>
3000	Begin Yr. Equity Bal ( <i>to be used with Quickbooks system only</i> )
3010	Unrestricted
3050	Donor Restricted Assets
3070	Donor Endowment Assets
3901	Current Yr. Equity Changes ( <i>to be used with Quickbooks system only</i> )

## **Revenues**

### **43XX Development/Fund-raisers**

- 4301 Scrip Receipts
- 4305 Scrip Costs
- 4310 Bingo Receipts
- 4315 Bingo Games Materials Costs

### **433X Other Fund Raisers**

- 4320 Social Activities
- 4330 Festivals, Auctions, & Raffles Receipts
- 4340 Festivals, Auctions, & Raffles Costs
- 4370 School Organizations
- 4380 Parish Drive (not AAA)
- 4381 Parish Drive Cost (not AAA )
- 4385 Matching Grant Income
- 4390 Other Activities and Events

### **44XX Educational & Sacramental Fees**

- 4402 First Communion Preparation Fees
- 4403 Confirmation Preparation Fees
- 4410 Preschool Fees
- 4411 Senior Program Fees
- 4412-4490 Other Program Fees

### **45XX Gifts, Donations and Grants**

- 4501 Unrestricted Parish/School Gifts & Bequests
- 4503 Subsidies - Archdiocese
- 4504 Subsidies - Other Parishes
- 4505 Government Grants

### **46XX Other Operating Income**

- 4615 Publications -- Advertising Income
- 4650 Rental Property Income
- 4655 Facility Rental Income
- 4656 Facility Rental Services Income
- 4660 Income from Student Services

### **47XX Non-Operating Income**

- 4710 Interest Investment Income Earned on Parish Deposits with banks & other Financial Institutions
- 4711 Increase in Beneficial Interest-CASC-Investment Income Earned on Unrestricted Deposits in D & L Fund
- 4712 Distribution Beneficial Interest-CASC-Awards from Unrestricted Investment Pool Accounts
- 4713 Change in Beneficial Interest-CASC- Unrestricted Investment Pool Accounts
- 4720 Gain [Loss] on Sales of Assets
- 4725 Insurance Settlements

4730	Other Miscellaneous Revenue
<b>48XX</b>	<b>School Income</b>
4810	Basic Tuition
<b>482X</b>	Tuition Assistance
4821	Archdiocesan Scholarship & Family Grant
4822	B.A.S.I.C. Fund Grant
4823	Making Waves
4824	Knights of Columbus
4825	Guardsmen
4826-4829	Other Program Assistance
<b>485X</b>	<b>Fees</b>
4851	Registration
4852	Extended Care
4853	Student Activities
4854	Outdoor Activities
4855	Graduation
4856-4859	Other
<b>488X</b>	<b>School Subsidies</b>
4881	Home Parish
4882	Out of Parish Tuition Subsidy
4883	Archdiocesan
4884-4889	Other
<b>49XX</b>	<b>Donor Restricted Donations</b>
4910	Endowments Received
4911	Donor Restricted Gifts and Bequests
4920	Distribution Beneficial Interest-CASC Endowment Investment Pool Accounts
4921	Change in Beneficial Interest-CASC Endowment Investment Pool Accounts
4922	Distribution Beneficial Interest-CASC Restricted Investment Pool Accounts
4923	Change in Beneficial Interest-CASC Restricted Investment Pool Accounts.
4924	Increase in Beneficial Interest-CASC Income on Restricted Deposits in Parish Deposit & Loan Fund
4930	Net Assets Released from Restrictions
4940	Net Restricted Assets Used -- Donor Endowment
4950	Net Restricted Assets Used -- Donor Restricted Expenses

## **Expenses**

<b>615X</b>	<b>Personnel Cost - School</b>
6152	Salaries: Certified Staff (Teachers, Principal, Vice Principal)
6153	Salaries: Substitute Teachers
6154	Salaries: Teacher's Aides
6155	Salaries: Professional Staff Non-Teachers

6156	Salaries: Support Staff
6157	Salaries: Maintenance Staff
<b>62XX</b>	<b>Payroll Taxes Employer</b>
6201	Payroll Taxes - FICA
6202	Payroll Taxes - SUI
6203	Worker's Compensation Expense
<b>63XX</b>	<b>Employee Benefits</b>
6301	Auto Insurance -- Priests
6302	Continuing Education/Training (non-clergy)
6303	Retreat Fee/Continuing Education
6304	Health & Medical Insurance
6305	Life Insurance
6306	Long Term Disability
6307	Accidental Death and Dismemberment
6308	Employee Pension Expense
6309	Housing, Room & Board
6399	Allocated Payroll & Benefits
<b>64XX</b>	<b>Transportation &amp; Travel</b>
6410	Transportation -- Air/Rail/Bus
6420	Transportation -- Auto Rental
6430	Mileage Reimbursement
6440	Conferences & Conventions
6450	Food and Lodging
6460	Other Travel Related Costs
<b>70XX</b>	<b>Educational Expenses</b>
7010-7019	Textbooks
7020-7029	Instructional Materials
7030-7039	Equipment Expense
7040-7049	Multimedia and Library Books & Expenses
7050-7059	Fees
7060-7069	Archdiocesan Fees
7070-7079	Training Expense
7080-7099	Other
<b>71XX</b>	<b>Student Activities &amp; Services</b>
7110-7119	Food Service
7120-7129	Extended Care
7130-7139	Student Activities
7140-7149	Student Services
<b>72XX</b>	<b>Property Costs</b>
7201	Property Management Fees
7210	Janitorial
7215	Landscape
7220	Building Rent
7230	Maintenance & Repairs
7235	Property Taxes

7240	Security
7290	Other Property Costs
<b>73XX</b>	<b>Utilities</b>
7310	Refuse
7320	Heating
7330	Light & Power
7340	Water & Sewer
7350	Telephone
7360	Other
<b>74XX</b>	<b>Furniture, Fixtures and Equipment</b>
7410	Furniture, Fixtures and Equipment
7415	Rentals
7420	Depreciation -- Furniture, Fixtures and Equipment
7425	Depreciation -- Vehicles
7430	Maintenance Contracts -- Furniture, Fixtures and Equipment
7431	Repairs -- Furniture, Fixtures and Equipment
7435	Maintenance & Repair -- Vehicles
7450	Other Vehicle Costs
<b>75XX</b>	<b>General &amp; Administrative</b>
7510	Postage
<b>752X</b>	<b>Printing and Publications</b>
7521	Directory
7522	Bulletin
7525	Duplicating
7530	Outside Accounting Purchased Services
7540	Legal Services
7545	Armored Services
7550	Payroll Processing Services
7560	Outside Professional Purchased Services
7570	Subscriptions & Periodicals
7580	Supplies
7585	Office Supplies
7586	Other Supplies
7595	Interest Expense
7596	Bank Charges
7599	Other G&A Expenses
<b>76XX</b>	<b>Other Operating Expenses</b>
7605	Public Relations
7610	Dues
7614	Insurance Premium -- General Liability / Property
7616	Insurance Premium -- Vehicles
7617	Insurance Premium -- Student Accident
7618	Insurance Losses -- Not Covered by Policies
7620	Laundry and Dry Cleaning
7650	Entertainment/Appreciation

7700	Bad Debt
<b>80XX</b>	<b>Other Expenses</b>
8022	Other Rental Property Expense

## Chart of Accounts Description (including sample entries)

### ASSETS

#### **10XX CASH & CASH EQUIVALENTS**

##### **1010 Operating Checking Accounts**

All checking accounts are be listed here in sequential order starting with 1010. All funds (including parish/school organizations) that are for general operating transactions should be recorded in these accounts. For each bank account, a separate account (from the general ledger chart of accounts) should be used.

##### **1030 Payroll Checking**

All checking accounts relating to parish/school payroll. This account will not be needed when parish/school is on Coordinated Payroll.

##### **1040 Savings and Money Market Accounts**

Funds deposited in a bank or savings and loan in regular interest-bearing accounts for current operating purposes. This includes funds deposited in Money Market Accounts.

##### **1050 Special Purpose Checking Accounts**

Use these accounts if funds are deposited for a special operating purpose and are to be used within one year.

##### **1060 Petty Cash**

Cash funds, currency and coin, kept on hand for minor expenses.

##### **1080 Beneficial Interest -Deposits in CASC's D&L Fund -Parish**

The investment of parish funds, both restricted and unrestricted in use, which are deposited in the Capital Asset Support Corporation's (CASC) Deposit and Loan Fund.

##### **1090 Beneficial Interest -Deposits in CASC's D&L Fund School.** The investment of school funds, both restricted and unrestricted in use, which are deposited in the -Capital Assets Support Corporation's (CASC) Deposit and Loan Fund.

#### **12XX RECEIVABLES**

##### **1210 Accounts Receivable**

Amounts owed by outside parties. This account includes amounts due from other funds within the parish, r other Catholic organizations (except the Chancery, CASC, RPSC (see accounts 125X below).

##### **1220 Tuition/Fees Receivable**

Amounts owed to the school for tuition/fees for educational programs at time billed. A detailed record for each outstanding receivable must be maintained to support the balance in this account, showing by individual each bill and offsetting payments. Below are examples of the journal entries necessary to enter a tuition receivable for a current fiscal school year and one for a future fiscal school year.

*In this example a new student begins attending the school at mid-year (December). The school sends a notice to the new student's family on November 15th to inform them of pro-rated tuition due for the school year.*

Debit	1220	Tuition/Fees Receivable	1,500
	Credit 4810	Basic Tuition	1,500

*The new family sends tuition money to the school in late December paying for the remainder of the school year.*

Debit	1010	Operating Checking Account	1,500
Credit	1220	Tuition/Fees Receivable	1,500

*In this second example the school sends notices to families by May 31 of tuition due for the following school year. Because the fiscal year ends on June 30th, the tuition money is to be used for a future fiscal year.*

Debit	1220	Tuition/Fees Receivable	20,000
Credit	2810	Deferred Revenue -- School Tuition	20,000

NOTE: See Account 2810 for explanation of recording Tuition/Fees Revenue

*A family sends tuition money to the school in June to be used for the following school year. To record revenue in the proper fiscal year, see account 2810.*

Debit	1010	Operating Checking Account	2,000
Credit	1220	Tuition/Fees Receivable	2,000

#### **1240 Provision for Bad Debts**

A provision for estimated uncollectable receivables. Below is an example of the journal entries necessary to record a provision for bad debts.

*In the first example a provision for bad debts is established because the parish/school feels tuition of \$1,000 will not be collected but they continue collection efforts*

Debit	7645	Bad Debts	1,000
Credit	1240	Provision for Bad Debts	1,000

*Provision for bad debts is a “contra” asset account that stays on the Balance Sheet until such time as the school determines the receivable(s) is uncollectable, and all future collection efforts are useless, then an entry is made to permanently write off the Bad Debt.*

Debit	1240	Provision for Bad Debts	1,000
Credit	1220	Tuition/Fees Receivable	1,000

#### **125X Accounts Receivable-Inter/Intra Company**

#### **1251 Accounts Receivable-Archdiocese**

Amounts owed by the Archdiocese Central Administrative Office (Chancery)

#### **1252 Accounts Receivable-Capital Asset Support Corporation(CASC)**

Amounts owed by the Capital Asset Support Corporation.

#### **1253 Accounts Receivable-Real Property Support Corporation(RPSC)**

Amounts owed by the Real Property Support Corporation.

### **13XX OTHER ASSETS**

#### **1310 Prepaid Expenses**

All expenditures for goods and services (such as workers’ compensation insurance) paid in current fiscal year that are for a succeeding fiscal year. Prepaid expenses are assets because a service or product is “owed” to the parish/school until the service is provided. Below is an example of the journal entries necessary to enter a prepaid expense in the current fiscal year.

*In this example the prepaid expense will be for annual workers' compensation, but because a portion of the expense is for a future fiscal year, the accounts affected will be cash and prepaid expense.*

Debit	6203	Workers' Comp Expense (Jan.-Jun. portion)	5,000
Debit	1310	Prepaid Expenses (July-Dec. portion)	5,000
	Credit	1010	Operating Checking Account
			10,000

*In the succeeding fiscal year, the prepaid expense is recognized as an expense even though the bill was paid in an earlier fiscal year.*

Debit	6203	Workers' Comp Expense (Jul.-Dec. Portion)	5,000
	Credit	1310	Prepaid Expenses
			5,000

## **14XX INVENTORY**

### **1410- Scrip Inventory**

A physical count of all scrip should be made at end of fiscal year at cost of items is recorded in this account. Below is an example of the journal entries necessary to record purchases of scrip as well as an end of year entry to adjust scrip inventory.

*In this example scrip is purchased for fund-raising purposes during fiscal year #1.*

Debit	4305	Scrip Costs	3,000
	Credit	1010	Operating Checking Account
			3,000

*At the end of the fiscal year #1 an inventory is taken of scrip. Based on historical per unit purchase prices from earlier in the fiscal year, it is determined the scrip on hand has a value of \$1,000. The accounting records indicate there was no Scrip Inventory at the beginning of the fiscal year. An entry is made to Scrip Inventory and reduce Scrip Purchases.*

Debit	1410	Scrip Inventory	1,000
	Credit	4305	Scrip Costs
			1,000

*In the first month of fiscal year #2, a reversing entry is made to "empty" the inventory account and increase the expense account.*

Debit	4305	Scrip Costs	1,000
	Credit	1410	Scrip Inventory
			1,000

*During fiscal year #2 Scrip is purchased for fund-raising purposes.*

Debit	4305	Scrip Costs	7,000
	Credit	1010	Operating Checking Account
			7,000

*At the end of fiscal year #2 an inventory is taken of scrip once again. Based on historical per unit purchase prices from earlier in the fiscal year, it is determined the scrip on hand has a value of \$5,000.*

Debit	1410	Scrip Inventory	5,000
	Credit	4305	Scrip Costs
			5,000

### **1420-29 Bingo Inventory**

A physical count of bingo strips, etc. (inclusive of anything with a cash prize value) on hand should be made at the end of the fiscal year and cost of items is to be recorded in this account. Below is an example of the journal entries necessary to record purchases of bingo game materials as well as an end of year entry to adjust bingo game materials inventory.

*In this example bingo game materials are purchased for fund-raising purposes.*

Debit	4315	Bingo Game Materials Costs	1,500
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Credit	1010	Operating Checking Account	1,500
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*At the end of the fiscal year #1 an inventory is taken of bingo game materials. Based on historical per unit purchase prices from earlier in the fiscal year, it is determined the bingo inventory on hand has a value of \$1,000. The accounting records indicate there was no Bingo Inventory at the beginning of the fiscal year. An entry is made to increase Bingo Inventory and reduce Bingo Game Materials.*

Debit	1420	Bingo Inventory	1,000
	Credit	4315	Bingo Game Materials Costs
			1,000

*In the first month of fiscal year #2, a reversing entry is made to “empty” the inventory account and increase the expense account.*

Debit	4315	Bingo Game Materials Costs	1,000
	Credit	1420	Bingo Inventory
			1,000

*During fiscal year #2 bingo is purchased for fund-raising purposes.*

Debit	4315	Bingo Game Materials Costs	7,000
	Credit	1010	Operating Checking Account
			7,000

*At the end of fiscal year #2 an inventory is taken of bingo game materials once again. Based on historical per unit purchase prices from earlier in the fiscal year, it is determined the bingo inventory on hand has a value of \$5,000.*

Debit	1420	Bingo Inventory	5,000
	Credit	4315	Bingo Game Materials Costs
			5,000

#### **1430-49 Other Revenue Inventory Items**

Any operating or revenue generating items on hand at the end of the fiscal year with a unit or group value of greater than \$500.(e.g. Gift Shop Inventory)

#### **1499 Undeposited Funds**

This account is used by the Quickbooks system to record all receipts. When deposits are made this account is credited and the appropriate bank account debited. For further information refer to the Quickbooks user manual.

### **15XX INVESTMENTS-BENEFICIAL INTEREST AND OTHER INVESTMENTS**

#### **1510-29 Beneficial Interest in CASC- Investment Pool – Unrestricted/ Parish Designated**

Record all deposits of unrestricted funds, which were made to/from the Capital Asset Support Corporation’s (CASC) Investment Pool (see policy section for further definition). If desired separate accounts can be used for each account in the Archdiocesan Investment Pool.

Below is an example of the journal entries necessary to record 1) the receipt of an unrestricted gift and the transfer of that money into the Investment Pool, 2) a withdrawal of money from the investment pool

*In the first example a donor makes an unrestricted charitable contribution of \$20,000 that the parish transfers to the CASC Investment Pool. When the parish initially receives the gift, they would deposit it into their checking account.*

Debit	1010	Operating Checking Account.	20,000
	Credit	4501	Unrestricted Parish/School Gifts & Beq.
			20,000

*At the end of the quarter, the Parish writes a check to the –CASC to transfer the money into the Investment Pool Account.*

Debit	1510	Beneficial Interest in CASC- Inv. Pool -- Unrestr.	20,000
Credit	1010	Operating Checking Account	20,000

*In the second example the parish receives \$5,000 from the Investment Pool account. When the check for the withdrawal is received from the CASC it would be deposited into the checking account and recorded as follows:*

Debit	1010	Operating Checking Account	5,000
Credit	1510	Beneficial Interest in CASC-Inv. Pool -- Unrestr.	5,000

#### **1530-49 Beneficial Interest in CASC's Investment Pool -- Donor Restricted**

Record funds that have been donated to parish/school for a specific purpose which were transferred to the Capital Asset Support Corporation's (CASC) Investment Pool (see policy section for further definition).

Below is an example of the journal entries necessary to record 1) the receipt of a donor restricted gift and the transfer of that money into the Investment Pool, and 2) an award of money from the CASC.

*In this example an estate makes a restricted donation of \$100,000 that the parish transfers to the Capital Asset Support Corporation's (CASC) Investment Pool. When the parish initially receives the gift, they would deposit it into their checking account.*

Debit	1010	Operating Checking Account.	100,000
Credit	4911	Donor Restr Gifts Received	100,000

*At the end of the quarter, the Parish writes a check to the CASC to transfer the money into the Investment Pool Account.*

Debit	1530	Beneficial Interest in CASC-Inv. Pool -- Donor Restr.	100,000
Credit	1010	Operating Checking Account	100,000

*In the second example the parish requests an award of \$10,000 from the Investment Pool account to be used for its restricted purpose. When the check is received from the CASC, it would be deposited into the checking account and recorded as follows:*

Debit	1010	Operating Checking Account	10,000
Credit	1530	Beneficial Interest in CASC-. Inv. Pool – Donor Restr.	10,000

#### **1550-1569 Beneficial Interest in CASC- Investment Pool-Endowed Funds**

Record funds that have been donated to parish/school for a specific Archdiocesan approved endowment which were transferred to the CASC-Investment Pool (see policy section for further definition and procedure for approval of an endowment).

Below is an example of the journal entries necessary to record 1) the receipt of an endowed and the transfer of that money into the Investment Pool, and 2) an award of money from the CASC

*In this example an estate makes an endowed donation of \$100,000 that the parish transfers to the Capital Asset Support Corporation's (CASC) Investment Pool. When the parish initially receives the gift, they would deposit it into their checking account.*

Debit	1010	Operating Checking Account.	100,000
Credit	4910	Endowed Gifts Received	100,000

*At the end of the quarter, the Parish writes a check to the CASC to transfer the money into the Investment Pool Account.*

Debit	1550	Beneficial Interest in CASC-Inv. Pool –Endowed	100,000
Credit	1010	Operating Checking Account	100,000

*In the second example the parish requests an award of \$10,000 from the CASC to be used for its restricted purpose. When the check is received from the CASC, it would be deposited into the checking account and recorded as follows:*

Debit	1010	Operating Checking Account	10,000
Credit	1550	Beneficial Interest in CASC-. Inv. Pool –Endowed	10,000

#### **1590 Investment with Others**

The market value of all gifts /donations on deposit with outside investment organizations or on hand at parish/school until the gifts/donations can be liquidated and deposited in an Archdiocesan Fund or Investment Pool.

NOTE: No stock certificates, bonds, cash or other negotiable instruments are to be in outside investment organizations over 6 months from date received.

#### **16XX LAND, BUILDINGS AND EQUIPMENT (Refer to Fixed Asset Accounting Procedure Section for more detail)**

##### **1601 Construction in Progress (CIP)**

Record all costs both hard and soft cost for construction projects in progress but not completed.

##### **1620-29 Parish/School Furniture, Fixtures & Equipment (FF&E)**

Equipment (either specific items or group of item such as computers purchased at one time only) valued in excess of \$50,000 and expected to last longer than 5 years is considered a fixed asset. When purchased it is recorded in these accounts. Equipment valued less than \$50,000 is recorded in an appropriate expense account, such as Furniture/Equipment (see account 7410) or Office Supplies (see account 7585). Note: It is not necessary at this time to go back to record prior year purchases. Only record new purchases.

##### **1650-59 Parish/School Vehicles**

These accounts include the cost of buses, autos, and all automotive equipment requiring state license plates which are used primarily for parish and/or school use.

##### **169X Accumulated Depreciation**

##### **1692 Accumulated Depreciation -- Parish/School Furniture, Fixtures & Equipment**

An allocation of a portion of the cost of carrying parish/school furniture, fixtures and equipment that represents the reduction in value over their useful lives. See account 1690 for an example of the entries necessary to record accumulated depreciation.

##### **1696 Accumulated Depreciation -- Parish/School Vehicles**

An allocation of a portion of the cost of carrying parish/school vehicles that represents the reduction in value over their useful lives. See account 1690 for an example of the entries necessary to record accumulated depreciation.

## **LIABILITIES**

#### **21XX ACCOUNTS PAYABLE**

**2110 Accounts Payable to the Archdiocese**

Amounts owed to the Archdiocese for (e.g., general liability insurance) or services rendered. Usually this account will be used only at Year-End to reflect all unpaid bills from the Archdiocese at June 30th, which were for the fiscal year just ended. Below is an example of the journal entries necessary to enter a payable to the Archdiocese for employee health insurance billed for June which is paid in July.

*In this example the Archdiocese takes out a policy for all parishes and schools and pays the premium to the insurance company on behalf of the parish and school. In turn, each parish and school is billed by the Archdiocese for its portion of the premium in June.*

Debit	7614	Insurance Premium -- General Liability	50,000
		Credit	2110 Accounts Payable to the Archdiocese
			50,000

*The following journal entry represents the actual payment to the Archdiocese made in July.*

Debit	2110	Accounts Payable to the Archdiocese	50,000
		Credit	1010 Operating Checking Account
			50,000

**2111 Accounts Payable to the CASC (Capital Asset Support Corporation)**

Record any amounts owed to the CASC. This does not include planned deposits. See Account 2900.

**2112 Accounts Payable to the RPSC (Real Property Support Corporation)**

Record any amounts owed to the RPSC. This does not include transfers of property.

**2120 Accounts Payable -- Trade**

Amounts owed to outside vendors for supplies, goods, or materials purchased or services rendered. Usually this account will only be used at Year-End to reflect all unpaid bills at June 30th which were for the fiscal year just ended.

**2140 Accounts Payable--Other**

Any other unpaid, non-payroll, items not identified above.

**22XX ACCRUED PAYROLL AND WITHHOLDINGS****2201 Accrued Payroll**

Gross salaries and wages earned which have not been paid as of the end of an accounting period. This account is usually used only at the end of the fiscal year.

Below is an example of the journal entries necessary to enter an Accrued Payroll at the end of the fiscal year.

*In this example the parish must record payroll for the final pay period of the fiscal year. The parish employees who have worked the final two weeks of the last month of the fiscal year are "owed" compensation. This is called accrued payroll and an entry must be made at the end of every fiscal year.*

Debit	6105	Salaries-Lay	6,000
Debit	6201	Salaries-FICA	700
Debit	6202	Salaries-SUI	300
		Credit	2201 Accrued Payroll
			6,000
			2203 Accrued Payroll Tax
			1,000

**2202 Accrued Pension**

This records one half of estimated annual pension fees in this account at fiscal year-end. Because the Archdiocesan employee pension plan contribution is paid annually on December 31st for the January - December period, at June 30 the parish owes for the current fiscal year one half (1/2) of the pension period (January - June). Below is an example of the journal entries necessary to record Accrued Pension.

*In this example a parish is preparing to close its accounting records for fiscal year end on June 30th. The pension plan payment is not due until December 31st, however the parish has incurred 6 months of expense. The parish should recognize the 6 months of pension expense as follows:*

Debit	6309	Employee Pension (Jan.-Jun. Portion)	15,000
Credit	2202	Accrued Pension	15,000

*On December 31 the parish makes the annual pension plan contribution. The expense for the January through June was recognized on June 30th. The parish must recognize expenses for July through December. When the parish makes its contribution it does so as follows:*

Debit	6309	Employee Pension(July-Dec.Portion)	15,000
Credit	2202	Accrued Pension(Jan.-Jun. Portion)	15,000
Credit	1010	Operating Checking Account	30,000

## **2203 Accrued Employer Payroll Tax**

Any unpaid employer payroll tax relating to accrued payroll is recorded here.

## **2204 Accrued Employee Medical Insurance**

Medical Insurance payments owed by employer for employee coverage and also deducted from the employee's payroll spouse/family coverage can remain in the account until the actual premium is remitted.

## **23XX EXCHANGE ACCOUNT**

### **2310 Exchange Account**

This is an accommodation clearing account to be charged or credited for receipts or disbursements which the parish/school will eventually reimburse or be reimbursed by another party. Use of this account is not intended to impact the Parish/School Income Statement. Funds received which are merely exchanged or accommodated through the parish bank account, typically cash for Annual Archdiocesan Appeal, fees to the Tribunal, etc. Below is an example of the journal entries necessary to enter a transaction impacting the Exchange account.

*In this example funds are collected from parishioners for the Archdiocese. These funds are not considered revenue. They are a liability because the parish must pass the money on to the Archdiocese. This liability is differentiated from the account Funds Held for others (2600 account series).*

Debit	1010	Operating Checking Account	450
Credit	2310	Exchange Account	450

*When the collected funds are turned over to the Archdiocese, the following journal entry is made. Notice that only the Balance Sheet accounts are affected by these two journal entries.*

Debit	2310	Exchange Account	450
Credit	1010	Operating Checking Account	450

## **26XX-28XX FUNDS HELD FOR OTHERS**

### **2620 Parish School**

Funds held for the parish school in a parish bank account. These funds are earmarked for the school but were received by the parish, other than collections from parishioners. This account is to be used only by the parish. Examples: (e.g. Bequests, gifts)

#### **2630 Parish Organizations**

Funds held for parish organizations. This account will show various funds which were raised by parish organizations for a specific purpose and were not included in the parish statement of revenues and expenses. Below is an example of the journal entries necessary to enter a transaction impacting the account Funds Held for Others -- Women's Guild.

*In this example a Women's Guild has several fund-raisers during the current fiscal year. Before the end of fiscal year, the Women's Guild has \$12,000 in their bank account. They transfer \$10,000 to the parish to be used for general operating purposes and retain \$2,000 for seed money for the following year. The second entry is required to record the Women's Guild bank account on the books of the parish at least at the end of the fiscal year. An example of the entries appear below:*

Debit	1010	Operating Checking Account	10,000	
	Credit	4340	Parish Organization	10,000

Debit	1010	Operating Checking Account	2,000	
	Credit	2630	Funds Held for Parish Organizations	2,000

#### **2640 Parish /School Organizations**

Funds held for parish school organizations such as Parent-Teacher Groups. This account will show various funds which were raised by various Parent-Teacher groups for a specific purpose and were not included in the parish and school statement of revenues and expenses.

#### **2700 Special Collections -- Archdiocesan/National Collection Funds**

Amounts received in special collections for the Archdiocese or national/local organizations. Funds are recorded in these liability accounts when received - then removed from these accounts when funds are remitted to the Archdiocese or agency.

2701	Bishops' Overseas Relief (Catholic Relief Service)
2702	Black Catholics/Latin America
2703	Campaign for Human Development
2704	Catholic Charities
2705	Catholic University
2706	Communications
2707	Holy Father
2708	Holy Land
2709	Mission Co-op
2710	Operation Rice Bowl
2711	Priests Retirement
2712	Religious Retirement Fund
2713	World Mission (Society for the Propagation of the Faith)

#### **28XX DEFERRED REVENUE**

#### **2810 School Tuition**

All tuition received in advance of the fiscal (school) year. Program and Sub-Grouping codes may be used to account for tuition ear-marked for specific purposes, e.g., Kindergarten, Middle School, etc. Below is an example of the journal entries necessary to record deferred revenue for school tuition.

*In this example, the school receives tuition money by May for the following school year. Because the fiscal year ends on June 30th, the tuition money is to be used for a future year even though the school year begins in the same calendar year. (First, a notice is sent to families informing them how much tuition will be for the coming school year. This entry may or may not be initiated with an entry to tuition receivable. See account 1220 for an example of that entry.)*

Debit	1010	Operating Checking Account	20,000
	Credit	2810	Deferred Revenue -- School Tuition
			20,000

*On July 1st a new fiscal year begins. The balance of deferred revenue -- school tuition may now be applied to school tuition for the current year. The entry may be done at any time after July 1. The account names look the same but one is a liability (2810) and the other is a revenue (4810). A liability means the money received is "owed" to a future fiscal year and the revenue means the money received is to be used in a current fiscal year.*

Debit	2810	Deferred Revenue -- School Tuition	20,000
	Credit	4810	School Tuition
			20,000

#### **2811 School Fees**

All charges received in advance of school year for non-educational services such as registration, student activities, etc. Below is an example of the journal entries necessary to record deferred revenue for school fees.

*In this example, the school receives registration fees by May for the following school year. Because the fiscal year ends on June 30th, the registration fees are to be used for a future year even though the school year begins in the same calendar year. (First, a notice is sent to families informing them how much registration fees will be for the coming school year. This entry may or may not be initiated with an entry to fees receivable. See account 1230 for an example of that entry.)*

Debit	1010	Operating Checking Account	100
	Credit	2811	Deferred Revenue -- School Fees
			100

*On July 1st a new fiscal year begins. The balance of deferred revenue -- school registration fees may now be applied to school fees for the current year. The entry may be done at any time after July 1. The account names look the same but one is a liability (2811) and the other is a revenue (4851). A liability means the money received is "owed" to a future fiscal year and the revenue means the money received is to be used in a current fiscal year.*

Debit	2811	Deferred Revenue -- School Fees	100
	Credit	4851	School Registration Fees
			100

#### **2900 Reduction in Beneficial Interest in CASC-- Awards Payable**

Amounts planned to be redeposited in the CASC's Deposit & Loan Fund. When funds are awarded to a parish with the stipulation that they will be repaid to the CASC, it is necessary that the parish/school record the awarded amount so their records agree with CASC's records. Repayment of these awards principal

only, is recorded in this account. Agreed Interest incurred is recorded at expense account 7595. Below is an example of the journal entries necessary to enter an award to the CASC Deposit & Loan Fund.

*In this example the parish is awarded money from the CASC Deposit & Loan Fund to repair a roof on a facility.*

Debit	1010	Operating Checking Account	100,000
	Credit	2900	-Reduction in Beneficial Interest in CASC -- Award(s) Pay.
		100,000	

*The following journal entry represents spending the money to repair the roof.*

Debit	7230	Maintenance & Repairs	100,000
	Credit	1010	Operating Checking Account
			100,000

*The following journal entry represents a partial re-payment to the CASC Parish Deposit & Loan Fund. In this example the parish is recording the first year's payments of principal plus interest).*

Debit	2900	Reduction in Beneficial Interest in CASC	31,508
Debit	7595	Interest Expense	4,727
	Credit	1010	Operating Checking Account
			36,235

## NET ASSETS

### 3XXX NET ASSETS

#### **3000 Beginning Year Equity Balance**

This is a system generated account to be used with Quickbooks only

#### **3010 Unrestricted**

The historical cumulative excess of revenue over expense in the accounting records of the fund from the beginning of the parish record keeping through the end of the last accounting month. (This term is synonymous with "equity" in accounting terms). Every fiscal year ends with a series of closing entries. These entries should result in zeroing out the revenue and expense accounts. The offsetting entry goes to Net Assets (3XXX). Below is an example of the journal entries necessary to record year end closing.

In this example a parish has the following account balances at the end of its fiscal year. (Revenue and Expense are abbreviated for the example.)

**Note for Quickbooks users this entry is automatically done but it is closed to account 3901. See Quickbooks closing procedures at the end of this section for procedure to close the books.**

Year	Account Number	Account Name	Balance
1	4110	Sunday Collections	100,000
1	4501	Unrestr. Gifts & Bequests	15,000
1	4710	Investment Income Earned	<u>15,000</u>
		Total Revenue	130,000
1	6101	Compensation: Priests	25,000

1	6105	Salaries: Lay	60,000
1	7590	Telephone	5,000
1	7614	Insurance Premium -- General Liability	<u>5,000</u>
		Total Expenses	95,000

Excess of Income Over Expenses 35,000

*For the fiscal year this parish has an excess of income over expenses of \$35,000 (Total Revenue minus Total Expenses). At the beginning of the next fiscal year all revenue and expense accounts must be reset to zero. A closing entry will be made to reverse all revenue (debit entry) and expense (credit entry) accounts and increase Net Assets (credit entry).*

Debit	4110	Sunday Collections	100,000
Debit	4501	Unrestr. Gifts & Bequests	15,000
Debit	4710	Investment Income Earned	15,000
Credit	6101	Compensation: Priests	60,000
Credit	6105	Salaries: Lay	25,000
Credit	7590	Telephone	5,000
Credit	7614	Insurance Premium -- General Liability	5,000
Credit	3010	Net Assets -- Unrestricted	35,000

### **3050 Donor Restricted**

Donations, gifts, bequests (amount received in accordance with the terms of a will) and their respective investment income [loss] which are intended for a specified, defined or intended by donor to be used for a special or unique purpose. A separate account number is to be set up for each unique restriction. The parish should set up one master account for "small donor restricted gifts," but keep a detailed record of these receipts and their designated purpose. Unrestricted or designated gifts should be separately identifiable from donor restricted gifts and are part of Unrestricted Net Assets (A/C 3010)

### **3070 Donor Endowment**

Income specified, defined or intended by donor of this contribution, to be used for a special or unique purpose. While this sounds a lot like Restricted funds, there is a major difference: with endowments, the original sum, or principal, is designated to remain wholly intact, and only the income from these investments can be used for the specified purpose. A separate account is to be set up for each type.

### **3901 Current Year Equity**

This is a system generated account to be used with Quickbooks only. Quickbooks users must follow the Quickbooks closing procedures at the end of this section in order to properly allocate the net assets to the Unrestricted, Donor restricted and Donor Endowment accounts.

## REVENUES

### 41XX COLLECTIONS

Funds received from parishioners and others for which no repayment, special service or special purpose is specified by the contributor. Funds received from parishioners through envelopes, checks and cash for general parish support.

#### **4110 Sunday Collections**

Funds received through normal Sunday collections which have not been designated to a specific service, scheduled special collection or special purpose.

#### **4115 Christmas**

Funds received during normal Christmas collection.

#### **4120 Easter**

Funds received during normal Easter collection.

#### **4125 Other Holy Days**

Funds received during normal Holy Day collections.

#### **4130 School Collections**

Funds received either through Sunday collections which were either published or designated for school support. Below is an example of the journal entries necessary to record school collections -- from the perspective of the parish accounting records. After this example is another set of journal entries which shows how to record the "subsidy" in the school accounting records.

*In this example, the parish receives collections earmarked for school support.*

Debit	1010	Operating Checking Account	3,500	
	Credit	4130	School Collections	3,500

*To record the payment to the school, the following entry is made.*

Debit	9003	School Subsidies	3,500	
	Credit	1010	Operating Checking Account	3,500

Below is an example of the journal entries necessary to record an operating subsidy from the home parish - from the perspective of the school accounting records.

*In this example, the home parish receives collections earmarked for school support then gives the money to the school in the form of a subsidy.*

Debit	1010	Operating Checking Account	3,500	
	Credit	4881	Operating Subsidies -- Home Parish	3,500

#### **4140 Annual Appeal Refund (Deficit)**

Excess collections (Offertory Program) or refund from the Chancery office of funds collected (Pledge Program) above the assessed amount. This can be negative (debit balance) if quota is not reached resulting in payment. Below is an example of the journal entries necessary to record collection and payment of Annual Appeal (Offertory Program).

*In this example a parish is assessed \$15,000 for the Annual Appeal. It collects only \$14,000 which results in the parish paying \$1,000 out of its own cash reserves to cover the difference. The result is a net negative balance in the Annual Appeal account. The first set of entries is to record collection for the Annual Appeal.*

Debit	1010	Operating Checking Account	14,000
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<i>Credit</i>	<i>2310</i>	<i>Exchange Account</i>	<i>14,000</i>
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*This second set of entries is to record payment of assessment of the Annual Appeal.*

Debit	4140	Annual Appeal	1,000
Debit	2310	Exchange Account	14,000
Credit	1010	Operating Checking Account	15,000

#### **4145 Parish Fundraising Collection**

Cash receipts from pledges or collection for special parish fund raisers.

#### **42XX SACRAMENTAL OFFERINGS**

Any offerings made to and retained by the Parish. Offerings received from funerals, baptisms, weddings or other parochial functions, unless otherwise specified by the donor. Offerings made directly to Clergy are not recorded here.

#### **4201 Baptisms**

Any offering made to and retained by the parish for performing Baptismal Service.

#### **4202 Marriage**

Any offering made to and retained by the parish for performing Matrimonial Service.

#### **4203 Funeral**

Any offering made to and retained by the parish for performing Funeral Service.

#### **4204 Other**

Any offering made to and retained by the parish for performing other sacramental service.

#### **43XX DEVELOPMENT/FUND-RAISERS**

These accounts represent funds collected from a parish fund raiser held to supplement operating funds or for a special need. The amounts recorded in the fund-raiser accounts (43XX) are the net results of the fund-raising events if a parish/school organization manages the event using a separate approved bank account and submits a report to the parish/school with the net receipts. The exception to reporting net receipts is scrip and bingo functions which must be recorded in the parish/school books using the appropriate revenue, expense and inventory accounts.

#### **4301 Scrip Receipts**

All revenue that is received from sales of scrip.

#### **4305 Scrip Costs**

The net cost of all scrip is entered here. At year end this account is adjusted for Scrip Inventory value (see account 1410). Below is an example of the journal entries necessary to record purchases of scrip as well as an end of year entry to adjust Scrip Inventory.

*In this example Scrip is purchased for fund-raising purposes.*

Debit	4305	Scrip Costs	3,000
Credit	1010	Operating Checking Account	3,000

*At the end of fiscal year an inventory is taken of Scrip. If there is Scrip, then a valuation must be made using actual purchase unit price.*

Debit	1410	Scrip Inventory	600
Credit	4305	Scrip Costs	600

**4310 Bingo Receipts**

Includes all revenue received from playing bingo. These funds may be transferred by the organizations sponsoring bingo. Funds received from running concession stands for bingo are also included in this account.

**4315 Bingo Games Materials Costs**

The purchase of all Bingo items is entered here such as ‘scratch-offs’, strips, etc. At year end this account is adjusted for strip value (see account 1420). Below is an example of the journal entries necessary to record purchases of bingo games materials as well as an end of year entry to adjust bingo games materials inventory.

*In this example bingo games materials are purchased for fund-raising purposes.*

Debit	4315	Bingo Games Materials Costs	1,500
	Credit	1010	Operating Checking Account
			1,500

*At the end of fiscal year an inventory is taken of bingo games materials. If there are materials, then a valuation must be made using actual purchase unit price.*

Debit	1420	Bingo Inventory	300
	Credit	4315	Bingo Games Material Costs
			300

**433X Other Fund Raisers****4320 Social Activities**

Net funds collected from social activities such as lunches, bake sales, dinners, etc. If other organizations (i.e. not the parish/school) sponsor the event, only the organization’s contribution to the parish/school should be credited to this account. Below is an example of the journal entries necessary to record revenue from social activities.

*In this example a parish organization holds a fund-raiser dinner with the proceeds to benefit the parish. The dinner brings in \$3,900 in ticket sales (gross revenues) and it cost \$1,900 to put on the event including the cost of food, beverages and supplies. The amount to record in the accounting records is the net difference between gross revenues and gross expenses -- \$2,000.*

Debit	1010	Operating Checking Account	2,000
	Credit	4320	Social Activities
			2,000

**4330 Festivals, Auctions, & Raffle Receipts**

Gross funds collected from festivals, auctions, & raffles. If organizations (i.e. not the parish/school) sponsor the event and maintain a separate bank account, only the organization’s contribution to the parish/school should be credited to this account.

**4340 Festival, Auctions & Raffle Costs**

The expenses paid for the parish/school fund raising events such as festivals, auctions and raffles.

**4350 Parish Organizations (many more can be added here)**

Any receipts (donations) received during current year from fund-raising activities of various parish organizations such as Fil-Am Clubs, Women’s Guilds, Men’s Clubs, etc.

**4370 School Organizations (many more can be added here)**

Any receipts (donations) received during current year from fund-raising activities of various school organizations such as parent-teacher groups, athletic boosters, etc.

**4380 Parish Drive Receipts (not AAA)**

Funds collected from parishioners for special purposes including building funds and debt retirement. These funds are collected in the same fiscal year they are intended to be used. Do not include Annual Archdiocesan Appeal.

**4381 Parish Drive Costs (not AAA)**

Costs associated with parish drive fund raisers.

**4385 Matching Grants Income**

Unrestricted income received from development activities and events such as annual giving programs, school alumni annual appeal, etc. when this portion was received from a corporation, foundation, etc. as a match to an individual or group gift. This account only reflects the matching portion received from the corporation, foundation, etc. The other portion would be recorded in the appropriate fund raising category.

**4390 Other Activities and Events**

**44XX EDUCATIONAL & SACRAMENTAL FEES**

These accounts represent Fees collected for parish/school educational programs.

**4401 Baptismal Preparation**

Funds received to help defray the cost of operating the Baptismal Preparation program

**4402 First Communion Preparation Fees**

Funds received to help defray the cost of operating the First Communion Preparation program.

**4403 Confirmation Preparation Fees**

Funds received to help defray the cost of operating the Confirmation Preparation program.

**4404 CCD/Religious Education Fees**

Funds received to help defray the cost of operating the CCD/Religious Education program.

**4405 RCIA Fees**

Funds received to help defray the cost of operating the RCIA program.

**4406 Marriage & Family Life Fees**

Funds received to help defray the cost of operating the Marriage & Family Life program.

**4407 Youth Ministry Fees**

Funds received to help defray the cost of operating the Youth Ministry program.

**4408 Community Outreach & Services Fees**

Funds received to help defray the cost of operating the Community Outreach program.

**4409 Adult Education Fees**

Funds received to help defray the cost of operating the Adult Education program.

**4410 Preschool Fees**

Funds received to help defray the cost of operating the Pre-School program.

**4411 Senior Programs Fees**

Funds received to help defray the cost of operating the Senior program.

**4412-90 Other Programs Fees**

Funds received to help defray the cost of operating other programs. A separate account can be established for each program or if small the fees of multiple programs can be grouped together.

#### **45XX GIFTS, DONATIONS (UNRESTRICTED) AND GRANTS**

##### **4501 Unrestricted Parish/School Gifts & Bequests**

Gifts, donations or bequests (amounts received in accordance with the terms of a will) of funds, stock, bonds, real estate and other property given to the parish/school by parishioners with no specified use or for general operating purposes. Also, funds received which the parish/school has identified for a designated use but the donor gave without any intent of restricting their use. Report any amount received whether directly from a will or trust or through the conversion of bequeathed assets to cash

##### **4503 Subsidies -- Archdiocese**

Funds given to the parish from the Archdiocese for operating expenses that are not to be repaid. Funds that come to the parish as a specific subsidy grant from the Archdiocese only.

##### **4504 Subsidies -- Other Parishes**

Funds given to the parish from another parish that are not intended for repayment.

##### **4505 Government Grants**

Proceeds received from government agencies that resulted from a specific grant proposal; normally issued for a specific purpose, program or period of time.

#### **46XX OTHER INCOME**

##### **4610 Chaplain fees**

Includes any funds paid to the parish for chaplain services by any institution or organization.

##### **4615 Publications -- Advertising Income**

Income derived from the sales of a space for advertising purposes, i.e., bulletin/newsletter ads.

##### **4620 Gift Shop Sales**

Sales from a Religious Gift Shop maintained as a parish/school program. Reported in this account are the receipts. The cost of operating the Gift Shop is reported as expenses in account 7636. Below is an example of the journal entries necessary to record revenue from Religious Gift Shop Sales. Also below is an example of the journal entries necessary to record expenses incurred in operating a Religious Gift Shop.

*In this example, a parish operates a Religious Gift Shop. Gross revenues from the gift shop for one month equal \$1,900. Gross expenses associated with operating the gift shop for the same month are \$1,100. Gross revenues are recorded in one entry and gross expenses in another entry. The \$800 net income (gross revenues minus gross expenses) will be reflected in the Parish Summary Profit and Loss Statement at "Excess [Deficiency] of current year's revenues/expenses."*

<i>Debit</i>	<i>1010</i>	<i>Operating Checking Account</i>	<i>1,900</i>
<i>Credit</i>	<i>4620</i>	<i>Gift Shop Sales</i>	<i>1,900</i>
 <i>Debit</i>	 <i>7636</i>	 <i>Gift Shop Costs</i>	 <i>1,100</i>
<i>Credit</i>	<i>1010</i>	<i>Operating Checking Account</i>	<i>1,100</i>

##### **4621 Literature and Pamphlet Sales**

Proceeds from the sales of books, literature, publications and pamphlets other than for a parish education program.

**4622 Votive Candles**

Cash donated for lighting of vigil and votive candles. Includes all offerings for candles and all proceeds from the sales of candles as well as all offerings made by the faithful at various shrines in the church. Reported in this account is the gross revenue. The cost of the candles is reported as expenses in account 7640. Below is an example of the journal entries necessary to record revenues from Votive Candle Sales. Also below is an example of the journal entries necessary to record the cost of purchasing votive candles.

*In this example, a parish maintains several shrines in the church. Gross revenues from votive candle donations for one month equal \$450. The gross expense of candles is \$100. Gross revenues are recorded in one entry and gross expenses in another entry. The \$350 net income (gross revenues minus gross expenses) will be reflected in the Parish Summary Profit and Loss Statement at "Excess [Deficiency] of current year's revenues/expenses."*

Debit	1010	Operating Checking Account	450	
	Credit	4622	Other Income -- Votive Candles	450
Debit	7640	Votive Candles	100	
	Credit	1010	Operating Checking Account	100

**4623 Poor Box**

Cash donated and designated for poor which are received by parish either through the church poor boxes or collections.

**4640 Room & Board**

Any payments for the room, board or care of retired diocesan or religious priests, visiting clergy or other boarders.

**4650 Rental Property Income**

Funds received for the lease or rental of parish or school properties including month to month arrangements but not single event facility rental. Below is an example of the journal entries necessary to record revenues from Rental Property Income.

*In this example the parish has leased a house for \$1,000 per month. When the rent check is received the following entry is made.*

Debit	1010	Operating Checking Account	1,000	
	Credit	4650	Rental Property Income	1,000

**4655 Facility Rental Income**

Receipts from the single event leases or use of parish or school property. Below is an example of the journal entries necessary to record revenues from Facility Rental Income.

*In this example a wedding reception is to be held at the church's hall. The hall rental for this single event is \$1,000.*

Debit	1010	Operating Checking Account	1,000	
	Credit	4655	Facility Rental Income	1,000

*If the parish sends an invoice to the wedding party, the entries are different. When the invoice is mailed, Accounts Receivable is debited and Facility Rental Income is credited. When the parish receives money from the wedding party, cash is debited and accounts receivable is credited.*

Debit	1210	Accounts Receivable	1,000
Credit	4655	Facility Rental Income	1,000
Debit	1010	Operating Checking Account	1,000
Credit	1210	Accounts Receivable	1,000

**4656 Facility Rental Services Income**

Funds received for catering affairs such as weddings and other types of receptions. Below is an example of the journal entries necessary to record revenues from Facility Rental Services Income.

*In this example a wedding reception is to be held at the church's hall and a cleaning fee of \$200 is charged by the parish.*

Debit	1010	Operating Checking Account	200
	Credit	4656	Facility Rental Services Income 200

*If the parish sends an invoice to the wedding party, the entries are different. When the invoice is mailed, Accounts Receivable is debited and Facility Rental Services Income is credited. When the parish receives money from the wedding party, cash is debited and accounts receivable is credited.*

Debit	1210	Accounts Receivable	200
	Credit	4656	Facility Rental Services Income 200

Debit	1010	Operating Checking Account	200
	Credit	1210	Accounts Receivable 200

**4660 Income from Student Services**

Proceeds from the sales of candy, soda, and other student services fund-raising activities. Fees associated with student activities are reported in account 4853.

**47XX NON OPERATING INCOME****4710 Interest/Investment Income on Parish Deposits w/h banks & other financial institutions.**

Interest income earned and dividends from funds deposited with savings and loans, money-market funds, interest-bearing checking accounts, and notes receivable. Below is an example of the journal entries necessary to record interest/investment income earned.

*In this example the parish has funds in a Savings account earning 3% interest. Each month or quarter the parish earns interest.*

Debit	1040	Savings Account	150
	Credit	4710	Interest/Investment Income-Parish Deposit 150

**4711 Increase in Beneficial Interest-CASC- Income on Unrestricted Deposits in Deposit and Loan Fund**

to record the increased beneficial interest in CASC for the interest and/or dividends from unrestricted funds deposited in the Deposit & Loan Fund.

**4712 Distribution-Beneficial Interest-CASC-Awards from Unrestricted Investment Pool Accounts**

Include the quarterly distributions received from the CASC's Investment Pool statements for unrestricted Investment Pool accounts. The distribution amount is shown on the bottom of the Investment Pool statements. Record this amount whether it is reinvested in your account or paid to you via a check.

Below is an example of the journal entries necessary to record 1) a distribution that is reinvested into the Investment Pool, and 2) a distribution that is paid to you via a check.

*In this example the parish has a \$250 distribution on a \$20,000 unrestricted investment that is transferred to the Investment Pool.*

Debit	1510	Beneficial Interest in CASC Inv. Pool -.- Unrestr.	250
	Credit	4712	Distribution-Beneficial Interest-CASC- Unrestr. Inv Pool 250

*In this example the parish receives a \$250 distribution on a \$20,000 unrestricted investment that is paid to them via a check. When the check is received in the parish office, it should be deposited into the parish checking account and recorded as follows:*

**Note: No entry is made to account 4712**

Debit	1010	Parish Checking Account.	250
	Credit	1510	Beneficial Interest in -CASC- Inv. Pool-Unrestr. Inv Pool 250

#### **4713 Change in Beneficial Interest –CASC- Unrestricted Investment Pool Accounts**

Each quarter, the investment pool unit value either increases or decreases based upon actual investment performance. The purpose of this account is to record the total increase or decrease in your beneficial interest share of CASC's unrestricted investment due to changes in the pool unit value. This amount should be calculated each quarter based on the information from your investment pool statement.

Caution: (A) You must be careful when calculating the change in market value of your account, as the investment pool account may increase due to cash additions to the pool. For correct accounting for cash additions, see the examples under Account 1510-1529. (B) The investment pool may also increase for distributions that have been reinvested. For the correct accounting for distributions that have been reinvested, see the first example under Account 4712 above. (C) The investment pool account may decrease due to cash withdrawals from the pool. For correct accounting for withdrawals from the pool, see the examples under Account 1510-1529.

The recommended method to calculate the Change in Market Value of the Investment Pool Account is as follows:

*Beginning Number of Units x Beginning Net Unit Value = Beginning Market Value*  
*Beginning Number of Units x Ending Net Unit Value = Ending Market Value*  
*Ending Market Value – Beginning Market Value = Change in Market Value*

*In this example, a business entity has 100 beginning pool units, with a beginning unit value of \$1,000 and an ending unit value of \$1,100.*

*100 units x \$1,000 = \$100,000 Beginning Market Value*  
*100 units x \$1,100 = \$110,000 Ending Market Value*  
*\$110,000 - \$100,000 = \$10,000 Change in Market Value*

*The journal entry necessary to record this change in market value is as follows:*

Debit	1510	Investment in Arch. Inv. Pool -- Unrestr.	10,000
	Credit	4713	Change in Beneficial Interest-CASC Unrestr. Inv Pool 10,000

#### **4720 Gain [Loss] on Sales of Assets**

Gain [Loss] from the sale of parish or school fixed assets, including land, land improvements, building, equipment, furniture, fixtures, tools, vehicles, etc. Disposition must be reflected in the proper fixed asset account. Below is an example of the journal entries necessary to record gain [loss] on sales of assets.

*In this example the parish has a 4 year old computer it wishes to sell for \$500. The computer is not fully depreciated.*

*The computer was originally purchased with cash for \$2,800.*

Debit	1620	Furniture, Fixtures & Equipment	2,800
	Credit	1010	Operating Checking Account 2,800

*The computer was placed on a 7 year depreciation schedule using the straight line method (equal amounts depreciated over the life of the asset). \$2,800 is divided by 7 years resulting in \$400 depreciation expense each year.*

Debit	7420	Deprec. -- Furn., Fixtures & Equip.	400
	Credit	1692	Accum. Deprec. -- Furn., Fixtures & Equip. 400

After 4 years the computer asset and accumulated depreciation account have the following balances:

Year	Account Number	Account Name	Balance
4	1620	Furniture, Fixtures & Equipment	2,800
4	1692	Accum. Deprec. -- Furn., Fix. & Equip	(1,600)

The computer's "Book" value is the difference between purchase price and accumulated depreciation. In this example the book value of the computer after 4 years is \$1,200. When the "Book" value is greater than the resale price, then a loss (rather than a gain) on the sale of the asset occurs.

	Furniture, Fixtures & Equipment	2,800
(minus)	Accum. Deprec. -- Furn., Fix. & Equip	<u>(1,600)</u>
equals	Book value	1,200
	Book value	1,200
(minus)	Sales price of used asset	<u>(500)</u>
equals	Loss of Sale of Assets	700

To record the loss on sale of the computer asset, the following entries are made:

Debit	1010	Operating Checking Account	500
Debit	4720	Loss on Sale of Assets	700
Debit	1692	Accum. Deprecs. -- Furn., Fix. & Equip	1,600
Credit	1620	Furniture, Fixtures & Equipment	2,800

#### **4725 Insurance Settlements**

Funds received from the insurance settlements or claims paid for items stolen or damaged, whether from fire, theft, accident, etc.

#### **4730 Other Miscellaneous Revenue**

All other revenue not specified in the above revenue accounts would be recorded in this account.

### **48XX-49XX SCHOOL INCOME**

#### **4810 Basic Tuition**

Record either on an accrual basis the annual tuition/student fees or on a cash basis all periodic payments received in the form of tuition/student fees billed for each student. Note: this account is to record only payment from the students parents, guardian or other individual committed to support the student by paying their annual tuition/fee bill. It does not include awards/grants from institution grants/awards such as the Archdiocese and TIME (Together in the Mission of Education), Knights of Columbus, etc. They should be recorded in the appropriate account 482x below

#### **482X Tuition Assistance**

Record all tuition assistance/support awarded to individual students annual tuition and student fees for the current school year. . All grants/awards not specific to a student should not be recorded in these accounts.

#### **4821 Archdiocesan Subsidy & Family Grant**

#### **4822 B.A.S.I.C. Fund Grant**

#### **4823 Making Waves**

#### **4824 Knights of Columbus**

#### **4825 Guardsmen**

#### **4826-29 Other Tuition Assistance Programs**

#### **485X Fees**

Funds received to defray the cost of non-educational services.

#### **4851 Registration**

- School registration fees.
- 4852 Extended Care**  
Charges for before and after school care.
- 4853 Student Activities**  
Participation fees for school sponsored activities, e.g., athletics, cheerleading, choir, band, etc.
- 4854 Outdoor Activities**  
Participation fees for school sponsored activities, e.g., field trips and other out-of-school educational excursions
- 4855 Graduation**  
Participation fees for graduation ceremony.
- 4856-59 Other**  
For student charges not defined elsewhere, e.g., books, computers, etc.

**488X School Subsidies**  
Charges for on-going operations, not capital improvements.

- 4881 Home Parish**  
Money received from the parish primarily responsible for the school. Below is an example of the journal entries necessary to record a subsidy from the Home Parish. The entries are from the perspective of the school accounting records.

*In this example the Home Parish has contributed \$10,000 towards school operations.*

Debit	1010	Operating Checking Accounts	10,000
Credit	4881	Operating Subsidies -- Home Parish	10,000

- 4882 Out of Parish Tuition Subsidy**  
Money received from another parish to help defray tuition of students from that parish per Archdiocesan policy. Below is an example of the journal entries necessary to record Out of Parish Tuition Subsidy. The entries are from the perspective of the school accounting records.

*In this example the parish school receives \$5,000 from another parish for out of parish tuition subsidy.*

Debit	1010	Operating Checking Accounts	5,000
Credit	4882	Out of Parish Tuition Subsidy	5,000

- 4883 Archdiocesan**  
Money received from Archdiocese to help defray operating costs. Below is an example of the journal entries necessary to record Archdiocesan subsidy. The entries are from the perspective of the school accounting records.

*In this example the parish school receives \$15,000 from The Archdiocese.*

Debit	1010	Operating Checking Accounts	15,000
Credit	4883	Operating Subsidies -- Archdiocese	15,000

- 4884-89 Other**  
Money received from sources other than the parish, out of parish and Archdiocese.

**49XX DONOR RESTRICTED DONATIONS**

- 4910 Endowments Received**  
Donations received in current year which donor directed be used as an endowment (only income can be used, principal cannot be used). Below is an example of the journal entries necessary to record a transfer

of an endowed gift to the CASC Investment Pool (for an example of the changes in the investment due to earned investment income see account 4920 for an example).

*In this example an estate makes an endowed donation of \$100,000 which the parish invests in the Archdiocesan Investment Pool.*

Debit	1010	Operating Checking Account	100,000	
	Credit	4910	Endowments Received	100,000

Debit	1550	Beneficial Interest-. Inv. Pool@CASC - Endowment	100,000	
	Credit	1010	Operating Checking Account	100,000

#### 4911 Donor Restricted Gifts and Bequests

Donations received in current year for which donor restricted as to use (both income and principal can be used). Note if they are not used in the current year, they will need to be transferred to the CASC and so identified as donor restricted funds. This will mean that there will be an increase in the Beneficial Interest – Deposit @ CASC A/C # 1080 Parish or A/C # 1090 School. If the funds are transferred to the CASC investment pool then there will be an increase in the Beneficial Interest-Investment Pool-Donor Restricted A/C#1530

#### 4920 Distribution Beneficial Interest @ CASC—Distribution Endowment Investment Pool Accounts

Include the quarterly awards from the Investment Pool statements for Endowment accounts. The award amount is shown on the bottom of the Investment Pool statements. Record this amount whether it is reinvested in the CASC or paid to you via a check.

Below is an example of the journal entries necessary to record 1) a distribution that is reinvested into the Investment Pool, and 2) a distribution that is paid to you via a check.

*In this example the parish receives a \$2,000 award on a \$200,000 endowment that they reinvest into the Investment Pool.*

Debit	1550	Beneficial Interest-. Inv. Pool@CASC -- Endowment	2,000	
	Credit	4920	Distribution Beneficial InterestCASC- Endow.	2000

*In this example the parish receives a \$2,000 distribution on their \$200,000 endowment that is paid to them via a check. When the check is received in the parish office, it should be deposited into the parish checking account and the Net Assets Released should be recorded as follows:*

**Note: no entry is made to Account 4920 in this example**

Debit	1010	Parish Checking Account.	2,000	
	Credit	1550	Beneficial <u>Interest in CASC-</u> Endow Inv.	2,000
Debit	4940	Net Restricted Assets Used - Endowment	2,000	
	Credit	4930	Net Assets Released from Restrictions	2,000

#### 4921 Change in Beneficial Interest- CASC-Market Value of Endowment Investment Pool Accounts

Each quarter, the investment pool unit value either increases or decreases based upon actual investment performance. The purpose of this account is to record the total increase or decrease in your Beneficial Interest of Endowment Investment Pool Account due to changes in the pool unit value. This amount should be calculated each quarter based on the information from your investment pool statement.

Caution: (A) You must be careful when calculating the change in market value of your account as the investment pool account may increase due to cash additions to the pool. For correct accounting for cash additions, see the examples under Account 1530-1549. (B) The investment pool may also increase for distributions that have been reinvested. For the correct accounting for distributions that have been reinvested, see the first example under Account 4920 above. (C) The investment pool account may decrease due to cash withdrawals from the pool. For correct accounting for withdrawals from the pool, see the examples under Account 1530-1549.

The recommended method to calculate the Change in Market Value of the Investment Pool Account is as follows:

*Beginning Number of Units x Beginning Net Unit Value = Beginning Market Value*  
*Beginning Number of Units x Ending Net Unit Value = Ending Market Value*  
*Ending Market Value – Beginning Market Value = Change in Market Value*

*In this example, a business entity has 200 beginning pool units, with a beginning unit value of \$2,000 and an ending unit value of \$2,250.*

*200 units x \$2,000 = \$400,000 Beginning Market Value*  
*200 units x \$2,250 = \$450,000 Ending Market Value*  
*\$450,000 - \$400,000 = \$50,000 Change in Market Value*

*The journal entry necessary to record this change in market value is as follows:*

Debit	1540	Beneficial Interest in CASC-. Inv. Pool – Endowment	50,000
	Credit	4921	Change in Market Value of Endowment Inv Pool
			50,000

#### **4922 Distribution Beneficial Interest CASC-Restricted Investment Pool Accounts**

Include the quarterly distributions from the Investment Pool statements for Restricted accounts. The distribution amount is shown on the bottom of the Investment Pool statements. Record this amount whether it is reinvested in your account or paid to you via a check.

Below is an example of the journal entries necessary to record 1) a distribution that is reinvested into the Investment Pool, and 2) a distribution that is paid to you via a check.

*In this example the parish receives a \$1,000 award on a \$100,000 Restricted Investment Pool Account that they reinvest into the Investment Pool.*

Debit	1530	Beneficial Interest in CASC -Inv. Pool -- Restricted	1,000
	Credit	4922	Distribution Beneficial Interest-CASC- Donor Rest'd. 1,000

*In this example the parish receives a \$1,000 award on a \$100,000 Restricted Investment Pool Account that is paid to them via a check. When the check is received in the parish office, it should be deposited into the parish checking account and the Net Assets Released should be recorded as follows:*

Debit	1010	Parish Checking Account.	1,000
	Credit	1530	Distribution Beneficial Interest CASC- -Donor Rest'd.
			1,000
Debit	4950	Net Restricted Assets Used - Restricted	1,000
	Credit	4930	Net Assets Released from Restrictions
			1,000

#### **4923 Change in Beneficial Interest-CASC-Market Value of Restricted Investment Pool Accounts**

Each quarter, the investment pool unit value either increases or decreases based upon actual investment performance. The purpose of this account is to record the total increase or decrease in your Restricted Investment Pool Account due to changes in the pool unit value. This amount should be calculated each quarter based on the information from your investment pool statement.

Caution: (A) You must be careful when calculating the change in market value of your account as the investment pool account may increase due to cash additions to the pool. For correct accounting for cash additions, see the examples under Account 1530-1549. (B) The investment pool may also increase for distributions that have been reinvested. For the correct accounting for distributions that have been reinvested, see the first example under Account 4922 above. (C) The investment pool account may decrease due to cash withdrawals from the pool. For correct accounting for withdrawals from the pool, see the examples under Account 1530-1549.

The recommended method to calculate the Change in Market Value of the Investment Pool Account is as follows:

*Beginning Number of Units x Beginning Net Unit Value = Beginning Market Value*  
*Beginning Number of Units x Ending Net Unit Value = Ending Market Value*  
*Ending Market Value – Beginning Market Value = Change in Market Value*

*In this example, a business entity has 150 beginning pool units, with a beginning unit value of \$1,000 and an ending unit value of \$1,100.*

*150 units x \$1,000 = \$150,000 Beginning Market Value*  
*150 units x \$1,100 = \$165,000 Ending Market Value*  
*\$165,000 - \$150,000 = \$15,000 Change in Market Value*

*The journal entry necessary to record this change in market value is as follows:*

Debit	1530	Investment in Arch. Inv. Pool – Restricted	15,000
	Credit	4923	Change in Beneficial Interest-CASC-Market Value of Restrict.- 15,000

**4924 Increase in Beneficial Interest-CASC- Income Earned on Restricted Deposits in Deposit and Loan Fund**

Interest income earned and/or dividends from restricted funds deposited in the Deposit & Loan Fund.

**4930 Net Assets Released from Restrictions**

The amount of donor restricted and endowment funds used during the current year to fund operating and capital expenses. Below is an example of the journal entries necessary to record Net Assets Released from Restrictions.

*In this example a school takes receipt of and deposits a donor restricted gift of \$1,000,000. The gift is restricted from use in the year it is received and is deposited into the CASC Investment Pool -- Donor Restricted. One year later some of the funds are to be used for school operations. To record the Net Assets Released from Restrictions, two entries must be made.*

*Entry #1-Year 2*

Debit	1010	Operating Checking Accounts	100,000
	Credit	1530	-Beneficial Interest in CASC Inv.Pool Donor Restr. 100,000

*Entry #2-Year 2*

Debit	4950.	Net Restricted Assets Used	100,000
	Credit	4930	Net Assets Released from Restrictions 100,000

*NOTE: In the Financial Statements Account 4930 is shown in current year revenue section with accounts 4940 and 4950 shown below in the summary of charges in donor restricted donations and income as a reduction of Beneficial Interest CASC- donor restricted assets.*

**4940 Net Restricted Assets Used -- Donor Endowment**

The amount of awards for donor endowment funds used during the year for specified purposes. This account reduces the income Beneficial Interest in CASC-Investment Pool

**4950 Net Restricted Assets Used -- Donor Restricted** the amount of donor restricted funds received from CASC and used during the year for specified purposes. In addition to income the fund balance of these restricted funds may also be used for specified purposes.

## **EXPENSES**

### **61XX    COMPENSATION AND WAGES**

#### **610X    PERSONNEL COSTS -- PARISH**

##### **6101    Compensation: Priests**

Compensation paid to Archdiocesan priests for services including car allowance and self-employment tax reimbursement. This does not include auto insurance reimbursements, educational expenses and retreat fees paid per Archdiocesan policy which are recorded in other accounts.

##### **6102    Compensation: Priests (Supply)**

Compensation paid to visiting priests who are contracted to provide services to the parish. This compensation is not subject to income tax withholding or social security/Medicare withholding.

##### **6103    Compensation: Religious (non-school)**

Compensation including pension and health fees paid to religious orders for priests, brothers, and sisters assigned to work in the pastoral services of the parish.

##### **6104    Compensation: Deacons**

Compensation paid to deacons assigned to the parish.

##### **6105    Salaries: Lay**

Taxable wages paid to all lay employees.

#### **615X    SALARIES-- SCHOOL**

##### **6152    Salaries: Certified Staff**

Wages to both lay and religious for all directly involved in educational activities (e.g. principal, vice-principal and teachers).

##### **6153    Salaries: Substitute Teachers**

Wages to both lay and religious paid to substitute teachers.

##### **6154    Salaries: Teacher's Aides**

Wages to both lay and religious paid to teacher's aides.

##### **6155    Salaries: Professional Staff -- Non-Teachers**

Wages to both lay and religious or those not involved in educational or administrative activities, e.g., librarian, day-care personnel, guidance counselors, athletic coach, band instructor, etc.

##### **6156    Salaries: Support Staff**

Wages both lay and religious for support personnel (e.g. office help, secretaries, etc).

##### **6157    Salaries: Maintenance Staff**

Wages to both lay and religious for maintenance personnel.

### **62XX    PAYROLL TAXES EMPLOYER**

#### **6201    Payroll Taxes -- FICA**

Employer's portion of social security tax.

#### **6202    Payroll Taxes -- SUI**

Reimbursement to the Chancery for unemployment tax (SUI).

**6203 Worker's Compensation Expense**

Premium for worker's compensation insurance to cover on-the-job injuries suffered by employees: lay, clergy and religious. (See Account 1310 for example of year end entry.)

**63XX EMPLOYEE BENEFITS**

**6301 Auto Insurance - Priests**

Any auto insurance paid to priests.

**6302 Continuing Education/Training Non-Clergy**

Costs associated with job-related education or training, including tuition, registration fees and supplies for courses or seminars directly related to improvement of job skills

**6303 Retreat Fee/Continuing Education**

Expenses for retreats and continuing education attended by clergy (including clergy study week).

**6304 Health & Medical Insurance**

Employer's portion of medical insurance premium for employees and resident priests. This will also include the special surcharge for priests additional medical fees.

**6305 Life Insurance**

Employer's portion of Life insurance premium for employees.

**6306 Long Term Disability**

Premium payments made for employee's Long Term Disability Insurance.

**6307 Accidental Death and Dismemberment**

Premium payments made for employee's Accidental Death and Dismemberment Insurance.

**6308 Employee Pension expense**

Contributions paid to lay pension fund.

**6309 Housing Room and Board**

Expenditures related primarily to the cost of housing for priests but may also include cost of temporary housing for school executives and teachers. Include room and board allowance, rent, food, supplies, maintenance, janitorial, utilities, minor equipment applicable to residence in this account.

**6399 Allocated Payroll & Benefits**

Include any payroll costs which are allocated between parish and school.

**64XX TRANSPORTATION & TRAVEL**

**6410 Transportation -- Air/Rail/Bus**

Cost of ticket for travel incurred on official parish and school business except travel to conferences and conventions.

**6420 Transportation -- Auto Rental**

Cost of gasoline, car rentals, parking, tolls, etc. incurred on official parish or school business except travel to conferences and conventions.

- 6430 Mileage Reimbursement**  
Reimbursement per mile for use of employee's personal automobile for official parish or school business, except for travel to conferences and conventions.
- 6440 Conferences & Conventions**  
Costs of transportation for employees to attend conferences and conventions. Food and lodging incurred, registration fees paid to attend and all other expenses when an employee attends a conference or convention.
- 6450 Food and Lodging**  
Cost of meals and lodging incurred on an overnight stay on official business except for travel to conferences and conventions.
- 6460 Other Travel Related Costs**  
Payments for any other travel costs not identified in the above 64XX accounts.

**70XX EDUCATIONAL EXPENSES**

- 7010-19 Textbooks**  
Expenditure for all printed materials used in the classroom including the cost of manuals and collateral materials.
- 7020-29 Instructional Materials**  
Expenditure for consumable materials such as pencils, paper, chalk, etc.
- 7030-39 Equipment Expense**  
Cost of non-capital, non-consumable items including capital equipment maintenance.
- 7040-49 Multimedia and Library Books & Expenses**  
All multimedia and library related expenses.
- 7050-59 Fees**  
Cost of external charges for educational services, e.g., testing fees.
- 7060-69 Archdiocesan Fees**  
Fees levied by Archdiocese. Principally, these fees are the annual administration charge.
- 7070-79 Training Expense**  
Expenditures relating to staff training.
- 7080-99 Other**  
Cost of any educational charges and materials not specified in the above 70XX accounts.

**71XX SCHOOL: STUDENT ACTIVITIES & SERVICES**

- 7110-19 Food Service**  
Costs associated with food service for students. These accounts should include the non-capital costs of the cafeteria as well as food provision contracts.
- 7120-29 Extended Care**  
These accounts are for non-personnel costs of providing non-school care.

**7130-39 Student Activities**

Costs of non-education related activities such as uniform costs, league fees, etc.

**7140-49 Student Services**

Costs of non-education related service

**72XX PROPERTY COSTS**

Expense to maintain the buildings and grounds.

**7201 Property management Fees**

Fee paid to outside property management firms to management non-pastoral buildings of the parish

**7210 Janitorial**

Cost of all janitorial supplies and equipment, service charges and equipment rental.

**7215 Landscape**

Cost of all supplies and materials to established and maintain landscaping and lawns, including service charges and equipment rental.

**7220 Building Rent**

Cost of rent paid to an outside entity for use of building. Not for Use of RPSC buildings.

**7230 Maintenance & Repairs**

Expenses for all supplies and parts to repair and maintain facilities, including service charges and equipment rental. Expenses incurred for heating, plumbing, electrical supplies and parts to repair and maintain plumbing, electrical and heating (including asbestos).

**7235 Property Taxes**

Local taxes paid for non-exempt real property and assessments paid for proportionate share of construction of streets, sewers, water, sidewalks under local Improvement Districts.

**7240 Security**

Cost of all security expenses, including alarm or guard services and security devices installed.

**7290 Other Property Costs**

Any additional property costs not described in the above accounts.

**73XX UTILITIES****7310 Refuse**

Cost of removing refuse from facilities such as scavenger and debris box charges.

**7320 Heating**

Expenditures for all coal, steam, electricity, gas, fuel oil, and wood used to heat facilities, including transportation costs involved in securing them. If electricity and/or gas are used for heating as well as other purposes and the bills cannot be divided between heat and other power usage, the expenditure is recorded under whichever account is deemed to have the greater value.

**7330 Light & Power**

Expenditures for electricity for artificial lighting and power, except when used for heat (see account 7315).

**7340 Water & Sewer**

Expenditure for water used and for sewage disposal.

**7350 Telephone**  
Cost of installation, monthly operation, long distance, repair, and other telephone charges.

**7360 Other**

**74XX FURNITURE, FIXTURES, & EQUIPMENT**

**7410 Furniture, Fixtures, & Equipment**  
Minor purchases and improvements to real property, such as patching parking lots, etc., not to exceed \$5,000. If purchase exceeds \$5,000, then item(s) should be capitalized and depreciated (see accounts 1620-1629). Expenditures related to purchases of furniture, fixtures, and equipment whose individual unit value is \$5,000 or less.

**7415 Rentals**  
Expenditures for rented equipment or furniture. Equipment leases should also be included in this account. (See account 7525 for rental of copying equipment.)

**7420 Depreciation -- Furniture, Fixtures, & Equipment**  
Allocations of the cost or carrying value of parish/school furniture, fixtures, and equipment (from depreciation schedules related to accounts 1620-1629) over their useful life.

**7425 Depreciation -- Vehicles**  
Allocations of the cost or carrying value of parish/school vehicles (from depreciation schedules related to accounts 1650-1659) over their useful life.

**7430 Maintenance Contracts -- Furniture, Fixtures, & Equipment**  
Expenditures for all maintenance contracts such as copier machines, computers, elevators and any other fees for upkeep of parish/school furniture, fixtures, and equipment.

**7431 Repairs -- Furniture, Fixtures, & Equipment**  
Expenditures related directly to the repair of parish/school furniture, fixtures, and equipment. Note: this does not include maintenance contracts which are charged to account 7430.

**7435 Maintenance & Repair -- Vehicles**  
Expenditures related to repair of parish/school owned vehicles.

**7450 Other Vehicle Costs**  
Any costs related to parish/school vehicles (such as registration, smog inspection) not deemed to be a repair cost.

**75XX GENERAL & ADMINISTRATIVE**

**7510 Postage**  
All costs for stamps, postage meter, bulk rate charges, post office box rental, courier services, UPS, etc.

**752X Printing and Publications**

- 7521 Parish Directory  
All cost associated with the producing a parish directory.
- 7522 Bulletin  
All printing and publication costs associated with the bulletin.
- 7525 Duplicating

Costs incurred from use and/or mimeograph equipment, etc. (Exclude cost of copy paper; see account 7585).

**7530 Outside Accounting Purchased Services**

Expenses for outside accounting services, including audits, bookkeeping, tax preparation.

**7540 Legal Services**

Legal expenses, including attorney fees, court fees, judgments, awards and related expenses.

**7545 Armored Services**

**7550 Payroll Processing Services**

Fees paid for processing payroll and all reports.

**7560 Outside Professional Purchased Services**

Expenditures paid to non-employees, speakers and consultants, temporary help, etc.

**7570 Subscriptions & Periodicals**

Costs of subscriptions to magazines and newspapers, including religious periodicals and secular publications such as newspapers.

**7580 Supplies**

Include all liturgical, office, classroom and other supplies; expenses incurred in providing services to parishioners, including socials such as coffee and donuts, etc.

**7585 Office Supplies**

Supplies related to the office/business/program function of the rectory or parish office and school.

**7586 Other Supplies**

Expenditures of any supply item used by parish/school not identified elsewhere in chart of accounts.

**7595 Interest Expense**

Interest payments made to others on debt obligations (should not include principal portion).

**7596 Bank Charges**

Charges automatically deducted from the checking account by the bank are entered in this expense account. Examples are bank service charges, printing of new checks, and stop check fees.

**7599 Other G&A Expenses**

Expenditures for any other general & administrative costs not identified elsewhere in the chart of accounts.

**76XX OTHER OPERATING EXPENSES**

**7605 Public Relations**

The cost of all general and miscellaneous materials and services used to promote the parish or school activities including advertising such as Yellow Pages, newspaper ads, etc.

**7610 Dues**

Payments/fees to membership organizations such as The National Association of Church Personnel.

**7614 Insurance Premium -- General Liability/Property**

All payments made to the Archdiocese for General Liability and Property insurance.

- 7616 Insurance Premium -- Vehicles**  
Premium paid for vehicle insurance.
- 7617 Insurance Premium -- Student Accidents**  
Premium paid for student accident insurance by school.
- 7618 Insurance Losses -- Not Covered by Policies**  
Uninsured insurance loss payments made by the parish, and deductible amounts paid for insured losses.
- 7620 Laundry and Dry Cleaning**  
Cost of cleaning vestments, altar linens and other liturgical church or rectory furnishings.
- 7625 Worship Supplies**  
Vestments, candles, booklets, missalettes, hymnals, supplies necessary for the church (excluding votive candles; see account 7640).
- 7630 Offertory Envelopes**  
Cost to print and mail (if bulk rate is included in cost of printing) weekly offertory envelopes.
- 7635 Book Rack**  
All expenses relating to the printing and publication of the books and pamphlets sold by the parish/school.
- 7636 Gift Shop Costs**  
Costs associated with operating gift shop other than books and pamphlets..
- 7640 Votive Candles**  
Cost of votive candles only.
- 7650 Entertainment and Appreciation**  
Costs associated to entertain parishioners and show appreciation of clergy.
- 7700 Bad Debt**  
Provision or actual write off of receivable deemed uncollectable.  
NOTE: See Account "1230 Provision for Bad Debts" for an explanation of the appropriate journal entries.
- 80XX OTHER EXPENSES**
- 8003 Chaplain Fees**  
Fees paid for chaplain services.
- 8020 Property Transfer**  
The transfer of Construction-in-Progress projects to RPSC at time of completion or at time of purchase.  
*Parish A completes a school classroom buildings which costs \$200,000. At time of completion of project the entry on the parish books is.*
- |   |                  |                  |
|---|------------------|------------------|
| <i>Debit 8020 Property Transfer</i>         | <i>\$200,000</i> |                  |
| <i>Credit 1601 Construction in Progress</i> |                  | <i>\$200,000</i> |
- 8021 Parish Facility Rental Expense**  
All expenses in the rental of a parish facility for non-parish events (wedding reception, etc.).
- 8022 Other Rental Property Expense**  
Long term lease expenses.

**90XX   SUBSIDIES**

**9003   School Subsidies**

Grants given to help subsidize parish school.

**9004   Out of Parish School Subsidies**

Grants given to help subsidize out of parish schools.

**9005   Subsidies to others**

Grants given to help subsidize other parishes.

# Fixed Asset Accounting Procedure

The Archdiocese of San Francisco has determined that all Parish/ School fixed assets will be recorded in the accounting records as outlined in this procedure. This procedure applies to parish/school property (land & land improvements), buildings, building improvements, furniture, fixtures, vehicles and other assets as described in this document.

By definition a fixed asset is a cost of a tangible item, which is used in the mission of the church and has a useful life of over one year. Therefore, in accounting terms the use of the fixed assets needs to be matched over the life that they are used within the mission of the church.

## Assets Descriptions, Useful Lives and Capitalization Values:

### 1. Fixed Asset Definitions

- a. **Land** -the value at time of purchase of a physical location of property without recognition of the buildings or improvements located thereupon. Note for accounting purposes land is not depreciated, as its useful life normally is infinite
- b. **Construction in Progress**-The value of all construction and planning started but not finished. This applies to soft costs (see Building below for definition) as well as hard cost. It includes Land Improvements, Building and Building Improvements.
- c. **Land Improvements**-The value at time of purchase for any infrastructure items such as sidewalks, parking lots, landscaping, sewer, water/electrical lines built to bring utilities to the property site. Note: this type of fixed asset occurs only at the time when a parcel of land is being developed to accommodate a new facility. Normal replacement and improvements to existing developed land are expensed at the time of purchase.
- d. **Building**- The cost to construct or purchase a building. The cost to construct a building not only includes the labor and materials, but all related “soft costs” such as, property taxes paid on the property, legal costs, brokerage commissions, architect and consultant costs. Note: the definition of Building also includes any fixtures that are attached to the building and are considered not movable such as bathrooms, doors, lighting fixtures, etc.
- e. **Building Improvements**-Items expended to increase the available useable space or enhancement the total value of a building are building improvements that may be depreciated over their useful life. Items that are required to maintain a building’s existing use such as a roof repair, painting, etc. are not considered an enhancement to the building and thus are expensed at the time of purchase.

- f. **Furniture, Furniture and Equipment-** Any tangible movable property that is not attached to the building such as chairs, desks, church pews, etc. needed to make the interior of a building useable. These items are depreciated over their useful life.
  - g. **Vehicles-** Any auto, van or bus that is owned and operated by the parish/school. These -items are depreciated over their useful life. Note: There are very few instances where the Archdiocese owns vehicles. Note: No vehicle can be purchased without the prior approval of the Archbishop or his Vicar for Administration.
2. **Useful Life-** The useful life of fixed assets which are to be used in depreciating their value on a straight line basis are:
- a. **Land-** No depreciable life. The asset is carried on the books till sale at its original cost.
  - b. **Construction in Progress.** As these items are not completed and put into use, there is no depreciation taken until they are finished and transferred to the appropriate land improvement, building or building improvement asset account.
  - c. **Land Improvements-**The useful life is 40 years
  - d. **Building-**The useful life is 40 years
  - e. **Building Improvements.** Normally these items are expensed at time of incurring the costs. For those few times that building improvements are capitalized their useful life will be the remaining life left on the building. If the building is fully depreciated then the useful life on the improvements will be 40 years.
  - f. **Furniture, Fixtures and Equipment.** The useful life for these types of items is 5 years.
  - g. **Vehicles.** The useful life for these types of items is 5 years.

### 3. Asset Value for Capitalization

- a. **Land-** All land purchased or gifted must be recorded as a fixed asset no matter what its value.
- b. **Building-** Any new building construction over \$200,000 should be recorded as a fixed asset. Note: please refer to building improvements above for further restrictions on building improvements on existing buildings.

- c. **Furniture, Fixtures and Equipment-** All individual items purchased or a group of like items purchased at one time that exceed \$50,000 should be recorded as a fixed asset. All other items will be expensed at time of purchase. If a group of items is purchased at one time but delivery and payment is staggered over more than six months it will not be considered a group purchase for fixed asset accounting.
- d. **Vehicles-** All vehicles whose value exceeds \$15,000 will be recorded as a fixed asset. Note: no vehicle is to be purchased/leased by a parish/school without the written approval of the Archbishop or his Vicar for Administration.. In addition, all vehicles must be registered in the Archdiocese Corporate Sole name through the Chancery office.

## **Parish/School Fixed Asset Recordkeeping**

**Land, Land Improvements, Buildings, Building Improvements and Other Assets.** A Parish/School will not maintain these assets on their accounting records. They will only record the costs they expend while these assets are in construction. They will use the **Construction-in-Progress** account to accumulate the expenditures. After the asset is put into use, the value accumulated in the Construction-in-Progress account will be transferred to the Real Property Support Corporation who will maintain the assets net book value.

**Furniture, Fixtures, Equipment, and Vehicles.** For these fixed assets that are recorded on the parish/schools books a separate asset envelope is to be prepared with the following information. Asset number (if one is assigned), Asset description including serial number or other identifying items, date purchased, costs, date sold, required, scrapped, etc. and the value received at time of retirement.

**The parish/school is required to maintain the original invoice and other documents that support the cost recorded as a fixed asset. These documents are to be maintained in an individual Archdiocesan fixed asset envelope for each asset.**

## **Year End Closing Procedures**

The Archdiocese of San Francisco's fiscal period begins on July 1st and ends June 30<sup>th</sup> of the following year. Before starting a new fiscal period, you need to perform the following year end closing functions:

- A.** Record all necessary entries for current fiscal year (receipts, payables, all bank account balances, inventories, Net Assets Released, etc)
  - B.** Transfer the current Fiscal Year's Equity Change to the following accounts
    - a. 3010 Unrestricted Net Assets
    - b. 3050 Donor Restricted Assets, and
    - c. 3070 Donor Endowment Assets
  - C.** Complete and submit the Archdiocese Annual Report along with a diskette of the Trial Balance from QuickBooks.
  - D.** Protect QuickBooks' records for the fiscal year just ended and Backup your Datafile
  - E.** Make sure you have done every step on the Year End Closing Procedure Checklist
- 

**PLEASE NOTE THAT THIS TRAINING IS BASED ON THE EXISTING CHART OF ACCOUNTS THROUGH JUNE 30<sup>TH</sup>, 2005. CHANGES TO THE CHART EFFECTIVE JULY 1<sup>ST</sup> ARE NOT INCLUDED IN THIS SECTION.**

**WE WILL BE SENDING YOU AN UPDATE ON ALL OF THE ACCOUNT CHANGES THAT ARE EFFECTIVE JULY 1<sup>ST</sup>.**

## A. Record Adjusting Entries and Reconciliation of Accounts

Before you can proceed with closing QuickBooks records, you need to perform your normal monthly closing procedure. In addition, there are other transactions you may need to record such as year-end inventory adjustments.

The following is a list of general ledger accounts you may need to adjust and reconcile before you can process year-end closing procedures. It is **highly recommended** that you read the **Chart of Accounts Description** section of your **Parish/School Financial Accounting and Reporting System Manual** for accounts descriptions and adjusting entries examples.

The following is a brief explanation of the closing reconciliation process you should perform for all assets and liabilities accounts. For a detailed explanation with examples, please refer to the **Parish/School Financial Accounting and Reporting System Manual**.

**Note:** Depending upon how you customized your chart of accounts, you may need to do more reconciliation work before closing.

### 10XX – Cash and Cash Equivalents

Need to make sure that **all** cash accounts and transactions are recorded

Need to reconcile all bank accounts to what is recorded in your general ledger accounts. You may have differences for Outstanding Checks that have not yet been cashed, as well as Deposits in Transit that have not yet been processed by the bank.

All bank accounts which are in the name or using the Tax ID number of the parish/school are considered to be an asset of the parish/school. These accounts must be reported in the financial records of the parish/school. To be included are the parish/school organizations' fund balances as of June 30<sup>th</sup>.

### 108X and 109X – Deposit and Loan Fund Deposits

*Record all deposits, earned interest, and withdrawals for all funds deposited into the Capital Assets Support Corporation Deposit and Loan. You will need to make sure that you have recorded all activity from each monthly statement that is sent from the Capital Assets Support Corporation. If the account contains restricted funds, make sure the interest income from those funds is recorded as restricted revenue in Account 4921 Donor Restricted Gifts and Bequests.*

*If you have a separate general ledger account for each Deposit and Loan fund, then make sure each general ledger account ties to the June 30<sup>th</sup> Deposit and Loan statement. If you have only one general ledger account for all Deposit and Loan funds, then the total of all the June 30<sup>th</sup> Deposit and Loan statements should tie to your ending general ledger account balance.*

### 15XX – Investments

**151X-154X Investment Pool** – Record all deposits, withdrawals, investment distributions, and change in market value from each quarterly Investment Pool statement. It is highly recommended that you read the description of account 1510-49, 4712, 4920,

4921 in the Financial Reporting Manual for descriptions and examples of recording activity from the Investment Pool.

**Additions** – *Additions to the investment pool should be recorded to the Investment Pool asset accounts 1510-49.*

**Withdrawals** – *Withdrawals from the Investment Pool should be recorded to the Investment Pool asset accounts 1510-49.*

**Investment Distributions** – *Each Investment Pool Account receives a distribution each quarter (4% annual rate). You may receive a check for the distribution or reinvest the distribution back into the Account. Either way, the earned income from the distribution needs to be recorded to your income statement. You need to pay careful attention to whether the Investment Pool Account is Unrestricted, Restricted or Endowed. You should record the income into the appropriate general ledger account for the type of Account. This way you are sure you are tracking your Restricted and Endowed assets separately from your Unrestricted assets. For Restricted Accounts, the income should be recorded to Account 4921 Donor Restricted Gifts and Bequests. For Endowment Accounts, the income should be recorded to Account 4920 Income From Endowments. For Unrestricted Accounts, the income should be recorded to 4912 Investment Income on Investment Pool Accounts.*

**Change in Market Value** – *Your Investment Pool Accounts will also increase or decrease due to the change in the unit value of the Investment Pool account between the beginning of the quarter and the end of the quarter. The amount of the Change in the Market Value should be recorded to your income statement. You need to pay careful attention to whether the Investment Pool Account is Unrestricted, Restricted or Endowed. You should record the income into the appropriate general ledger account for the type of Account. This way you are sure you are tracking your Restricted and Endowed assets separately from your Unrestricted assets. For Restricted Accounts, the income should be recorded to Account 4921 Donor Restricted Gifts and Bequests. For Endowment Accounts, the income should be recorded to Account 4920 Income From Endowments. For Unrestricted Accounts, the income should be recorded to 4912 Investment Income on Investment Pool Accounts.*

**Note:** *We will go through an example of where to get the above information from your Investment Pool statement when we go through Part C – Completing and submitting the Archdiocese Annual Report.*

*If you have a separate general ledger account for each Investment Pool account, then make sure each general ledger account ties to the July 1<sup>st</sup> Investment Pool statement. If you have only one general ledger account for all Investment Pool Accounts, then the total of all the July 1<sup>st</sup> Investment Pool statements should tie to your ending general ledger account balance.*

## **12XX – Receivables**

**1210 Accounts Receivable**

**1220 Tuition / Fees Receivable**

**1240 Provision for Bad Debts**

Any money owed to a parish/school at the end of the fiscal year must be recorded. This includes tuition, fees, and other services performed in the past that remain unpaid as of June 30<sup>th</sup>.

## **13XX – Other Assets**

### **1310 Prepaid Expenses**

All expenditures for good and services paid in the current fiscal year that are for the succeeding fiscal year. Prepaid expenses are assets because a service or product is “owed” to the parish/school until the service is provided.

## **14XX – Inventory**

**1410 Scrip Inventory** – A physical count of all scrip should be made at the end of the fiscal year and the total cost of items on hand recorded through a General Journal Entry. Please refer to your Financial Accounting and Reporting System Manual for additional description and example.

**1420-1429 Bingo Inventory** – A physical count of all Bingo games materials should be made at the end of the fiscal year and the total cost of items on hand recorded through a General Journal Entry. Please refer to your Financial Accounting and Reporting System Manual for additional description and example

## **16XX – Land, Buildings and Equipment**

All tangible assets, such as land, buildings and equipment, whose useful life is over one year and whose value is in excess of \$5,000 should be recorded in the books as a fixed asset. An appropriate depreciation (account number 742X) expense must be taken each year throughout the useful life of the asset.

Please refer to the following sections of the Financial Accounting and Reporting System Manual for additional description and examples:

Account 16xx – Land, Buildings and Equipment

Account 169X – Accumulated Depreciation

Account 742X – Depreciation Expense

## **21XX – Accounts Payable**

**2110 Accounts Payable to the Archdiocese** – Record all amounts owed to the Archdiocese for goods and/or services rendered. This account reflects all unpaid bills from the Archdiocese at June 30<sup>th</sup> which were for the fiscal year just ended.

**2120 Accounts Payable – Trade** - Record amounts owed to outside vendors for supplies, goods, or material purchased or services rendered. This account reflects all unpaid bills at June 30<sup>th</sup> which were for the fiscal year just ended.

**2140 Accounts Payable – Other** – Any other unpaid, non-payroll items not identified above.

**22XX – Accrued Payroll and Withholdings**

All employee related payables at the end of the fiscal year.

**2201 Accrued Payroll** – Gross salaries and wages earned which have not been paid at the end of an accounting period.

*For example, the teacher's salary agreement covers August through July of the following year. At June 30<sup>th</sup>, you need to record accrued payroll for the month of July as this payroll was earned in the fiscal year just ended.*

**2202 Accrued Pension** – Record one half of the estimated annual pension fees in this account at the end of the fiscal year. Since the Archdiocesan employee pension plan is paid annually for the prior January – December period, at June 30<sup>th</sup> the parish owes for the current fiscal year one half of the pension period.

**2203 Accrued Employer Payroll Tax** – Any unpaid employer payroll taxes relating to accrued payroll.

**2204 Accrued Employee Medical Insurance** – Medical insurance payments owed by the employer for employee coverage and also deducted from the employee's payroll for spouse/family coverage can remain in this account until the premium is remitted.

**26XX-28XX – Funds Held for Others**

These are funds held for parish or school organizations. If a parish/school organization is allowed to maintain their own checking account, then at the end of the year (it should be done quarterly), the reconciled balance of that parish/school organization account needs to be recorded as a Cash Asset of the parish/school. The offset is this Liability account.

**28XX – Deferred Revenue**

**2810 School Tuition** – All tuition received in advance of the fiscal school year.

**2811 School Fees** – All charges received in advance of the school other than tuition, such as registration, student activities, etc.

If you receive cash payments for tuition and fees which are for the next fiscal school year, these should not be recorded as income on your income statement as they relate to the next year. These amounts should be recorded to the Deferred Revenue liability account. In the following year, an adjustment should be made to reduce the liability account and bring the money into that year's income.

**2900 – Capital Assets Support Corporation Parish Deposit and Loan Fund – Loans Payable**

You need to record all loans payable to the Capital Assets Support Corporation Deposit and Loan Fund as well as any Accrued Interest Expense payable to the Capital Assets Support Corporation as of June 30<sup>th</sup>, 2005.

**4930 Net Assets Released from Restriction**

The amount of donor restricted and endowment funds used during the current year to fund operating and capital expenses.

**4940 Net Restricted Assets Used – Donor Endowment**

The amount of income from donor endowment funds used during the year for specified purposes.

**4950 Net Restricted Assets Used – Donor Restricted**

The amount of donor restricted funds used during the year for specified purposes. In addition to income, the fund balance of these restricted funds may also be used for specified purposes.

*The important thing to remember about these three accounts, is that the sum of the three accounts should always equal zero. At the end of the fiscal year, you should review the balances in these accounts and ascertain that the total of the three accounts balances out to zero.*

*Account 4930 increases operating or unrestricted income and net assets. Accounts 4940 and 4950 decreases restricted and endowed income and assets. The amount of the increase and the decrease should offset themselves.*

For example, if you have \$20,000 in restricted funds in the Capital Assets Support Corporation Deposit and Loan, and you withdraw \$5,000 to use for the restricted purpose. The following entries would be made when you receive the check from the Capital Assets Support Corporation Deposit and Loan:

Debit	1010 Operating Checking Account	5,000	
	Credit 1080 Deposit and Loan Fund		5,000
Debit	4950 Net Restricted Assets Used – Restricted	5,000	
	Credit 4930 Net Assets Released from Restriction		5,000

Notice that amounts in 4950 and 4930 offset each other. The amount in Account 4930 is considered current unrestricted operating income. The amount in Account 4950 will reduce the total amount of restricted assets you have on hand.

## B. Transfer the Year's Equity Change to Unrestricted, Restricted and Endowed Net Assets

*The total Net Assets of the parish/schools should be maintained in three Net Assets accounts:*

- 3010    *Unrestricted Net Assets*
- 3050    *Donor Restricted Net Assets*
- 3070    *Donor Endowment Net Assets*

*Net Assets are the cumulative excess of revenue over expenses in the accounting records of the fund from the beginning of the parish record keeping through the end of the last accounting month. The above three accounts maintain the cumulative excess in the Unrestricted, Restricted and Endowment funds.*

*The current year net income or loss is automatically recorded to Account 3901 Retained Earnings by the QuickBooks system. In order to close out the year properly, you must reclassify the current year net income from Account 3901 to the proper Net Asset account above (3010, 3050 and 3070).*

*After all adjusting entries have been made, the following reports need to be printed to assist you in closing out the current year net income to the proper Net Asset account:*

- ***Profit and Loss Statement*** – This is a report summarizing your income and expense accounts and the difference resulting in either profit or loss.
- ***Balance Sheet*** – This report shows your financial position by listing assets, liabilities and the net assets accounts.
- ***Trial Balance*** – This report summarizes your debits and credits subtotaled by each account type on your chart of accounts.

*Using your Trial Balance and Profit and Loss reports, you must classify the Net Income or Loss to the proper Net Asset account, as follows:*

***3010 Unrestricted Net Assets*** – This will include all unrestricted account activity which is all accounts not described below for Account 3050 and 3070.

***3050 Donor Restricted Net Assets*** – These are donations, gifts and bequests which are intended for a specified period of time or intended by the donor to be used for a special or unique purpose. The following accounts (per the Chart of Accounts as of 6/30/05) should be closed out to Account 3050:

- 4911 - Donor Restricted Gifts and Bequests
- 4921 - Income from Donor Restricted Gifts and Bequests
- 4950 - Restricted Assets Used – Donor Restricted

***3070 Donor Endowment Net Assets*** – These are donations, gifts and bequests which are intended for a specific purpose (typically scholarship) and whose original sum, or principal, is designated to remain wholly intact. Only the income from these investments can be used for the specified purpose. The following accounts (per the Chart of Accounts as of 6/30/05) should be closed out to Account 3070:

4910 - Endowments Received  
4920 – Income from Endowments  
4940 – Restricted Assets Used – Donor Endowment

*Since all accounts in the 49XX series of accounts relate to Donor Restricted or Endowment income, the total of these accounts needs to be reclassified to either Account 3050 Donor Restricted Net Assets or Account 3070 Donor Endowment Net Assets.*

*The total amount that needs to be reclassified will show as Net Income on your Balance Sheet. The QuickBooks system automatically closes out this amount to Account 3901 as of July 1<sup>st</sup>, so if you ran a Balance Sheet on July 1<sup>st</sup>, you would see the prior year Net Income in Account 3901. As such, your offset to reclassifying the current year Net Income is Account 3901. The net affect of this is that Account 3901 should be zero as of July 1<sup>st</sup>, and your Net Assets should be properly classified as Unrestricted, Restricted, or Endowment.*

*Please see the example on the following pages:*

**UNADJUSTED BALANCE SHEET AS OF JUNE 30<sup>TH</sup>, 2005**

**Test Company**  
**Balance Sheet**  
 As of June 30, 2005

	◇ <u>Jun 30, 05</u> ◇
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1540 · Investment-Inv Pool-Endowment ▶	150,000.00 ◀
<b>10xx · Cash &amp; Cash Equivalents</b>	
1010 · Parish/School Checking	125,000.00
1080 · AD Deposit/Loan Fund-Parish	75,000.00
10xx · Cash & Cash Equivalents - Other	<u>5,000.00</u>
<b>Total 10xx · Cash &amp; Cash Equivalents</b>	<u>205,000.00</u>
<b>Total Checking/Savings</b>	<u>355,000.00</u>
<b>Total Current Assets</b>	<u>355,000.00</u>
<b>TOTAL ASSETS</b>	<u><u>355,000.00</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Equity</b>	
3xxx · Net Assets	
3010 · Unrestricted	25,000.00
3050 · Donor Restricted Assets	50,000.00
3070 · Donor Endowment Assets	<u>100,000.00</u>
<b>Total 3xxx · Net Assets</b>	175,000.00
Net Income	180,000.00
<b>Total Equity</b>	<u>355,000.00</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>355,000.00</u></u>

*Begi*

*Curr*

**Note:** The Current Year Net Income that needs to be classified into the appropriate Net Assets class, is shown under Net Income. In this example, that amount is \$180,000.

**UNADJUSTED BALANCE SHEET AS OF JULY 1ST, 2005**

**Test Company**  
**Balance Sheet**  
As of July 1, 2005

	◇ <u>Jul 1, 05</u> ◇
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1540 · Investment-Inv Pool-Endowment ▶	150,000.00 ◀
10xx · Cash & Cash Equivalents	
1010 · Parish/School Checking	125,000.00
1080 · AD Deposit/Loan Fund-Parish	75,000.00
10xx · Cash & Cash Equivalents - Other	<u>5,000.00</u>
<b>Total 10xx · Cash &amp; Cash Equivalents</b>	<u>205,000.00</u>
<b>Total Checking/Savings</b>	<u>355,000.00</u>
<b>Total Current Assets</b>	<u>355,000.00</u>
<b>TOTAL ASSETS</b>	<u><b>355,000.00</b></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Equity</b>	
3901 · Retained Earnings	180,000.00
3xxx · Net Assets	
3010 · Unrestricted	25,000.00
3050 · Donor Restricted Assets	50,000.00
3070 · Donor Endowment Assets	<u>100,000.00</u>
<b>Total 3xxx · Net Assets</b>	<u>175,000.00</u>
<b>Total Equity</b>	<u>355,000.00</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>355,000.00</b></u>

*Prior*

***Note:** If you run a balance sheet as of July 1<sup>st</sup> before any adjustments, you will see that QuickBooks automatically closed out the prior year Net Income of \$180,000 to Account 3901 Retained Earnings.*

**PROFIT AND LOSS AS OF JUNE 30<sup>TH</sup>, 2005**

**Test Company**  
**Profit & Loss**  
 July 2004 through June 2005

	◇ Jul '04 - Jun 05 ◇
<b>Income</b>	
41xx · Collections - Total	
4110 · Sunday Collections	▶ 300,000.00 ◀
Total 41xx · Collections - Total	300,000.00
49xx · Donor Restricted Donations	
4910 · Endowment / Gifts Received	50,000.00
4911 · Donor Restricted Gifts/Bequest	<u>30,000.00</u>
Total 49xx · Donor Restricted Donations	80,000.00
4930 · Net Assets Released from Restri	5,000.00
4950 · Net Restrict Asst Used-Dnr Rest	<u>-5,000.00</u>
Total Income	380,000.00
<b>Expense</b>	
610x · Personnel Costs - Parish	
6101 · Compensation-Priest	75,000.00
6105 · Salaries - Lay	<u>125,000.00</u>
Total 610x · Personnel Costs - Parish	200,000.00
Total Expense	<u>200,000.00</u>
Net Income	<u><u>180,000.00</u></u>

**Note:** The Profit and Loss statement is used to identify which accounts need to be closed out to Unrestricted, Restricted and Endowment Net Assets. In the above example:

*Restricted Accounts – Total to Close to Restricted Assets = \$25,000*

4911 Donor Restricted Gifts/Bequests -	\$30,000
4950 Net Restricted Assets Used -	( \$5,000)

*Endowment Accounts – Total to Close to Endowment Assets = \$50,000*

4910 Endowment Gifts Received -	\$50,000
---------------------------------	----------

*Unrestricted Accounts – The remainder of the accounts would be unrestricted.*

The journal entry to reclassify the Net Income to the appropriate Net Assets Account is as follows:

Debit	3901	Retained Earnings	180,000	
	Credit	3050	Donor Restricted Net Assets	25,000
	Credit	3070	Endowment Net Assets	50,000
	Credit	3010	Unrestricted Net Assets	105,000

**ADJUSTED BALANCE SHEET AS OF JUNE 30<sup>TH</sup>, 2005**

**Test Company**  
**Balance Sheet**  
As of June 30, 2005

	◇ <u>Jun 30, 05</u> ◇	
<b>Current Assets</b>		
<b>Checking/Savings</b>		
1540 • Investment-Inv Pool-Endowment ▶	150,000.00 ◀	
<b>10xx • Cash &amp; Cash Equivalents</b>		
1010 • Parish/School Checking	125,000.00	
1080 • AD Deposit/Loan Fund-Parish	75,000.00	
10xx • Cash & Cash Equivalents - Other	<u>5,000.00</u>	
<b>Total 10xx • Cash &amp; Cash Equivalents</b>	<u>205,000.00</u>	
<b>Total Checking/Savings</b>	<u>355,000.00</u>	
<b>Total Current Assets</b>	<u>355,000.00</u>	
<b>TOTAL ASSETS</b>	<u><b>355,000.00</b></u>	
<b>LIABILITIES &amp; EQUITY</b>		
<b>Equity</b>		
3901 • Retained Earnings	-180,000.00	◀ This will be zeroed out as of July 1 <sup>st</sup> .
<b>3xxx • Net Assets</b>		
3010 • Unrestricted	130,000.00	◀ These amounts are now updated to include the current year Net Income.
3050 • Donor Restricted Assets	75,000.00	
3070 • Donor Endowment Assets	<u>150,000.00</u>	
<b>Total 3xxx • Net Assets</b>	<u>355,000.00</u>	
<b>Net Income</b>	<u>180,000.00</u>	◀ This will be zeroed out as of July 1 <sup>st</sup> .
<b>Total Equity</b>	<u>355,000.00</u>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>355,000.00</b></u>	

# ADJUSTED BALANCE SHEET AS OF JULY 1<sup>ST</sup>, 2005

## Test Company Balance Sheet As of July 1, 2005

	◇	Jul 1, 05	◇
<b>ASSETS</b>			
Current Assets			
Checking/Savings			
1540 • Investment-Inv Pool-Endowment	▶	150,000.00	◀
10xx • Cash & Cash Equivalents			
1010 • Parish/School Checking		125,000.00	
1080 • AD Deposit/Loan Fund-Parish		75,000.00	
10xx • Cash & Cash Equivalents - Other		<u>5,000.00</u>	
Total 10xx • Cash & Cash Equivalents		<u>205,000.00</u>	
Total Checking/Savings		<u>355,000.00</u>	
Total Current Assets		<u>355,000.00</u>	
<b>TOTAL ASSETS</b>		<b><u>355,000.00</u></b>	
<b>LIABILITIES &amp; EQUITY</b>			
Equity			
3xxx • Net Assets			
3010 • Unrestricted		130,000.00	
3050 • Donor Restricted Assets		75,000.00	
3070 • Donor Endowment Assets		<u>150,000.00</u>	
Total 3xxx • Net Assets		<u>355,000.00</u>	
Total Equity		<u>355,000.00</u>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b><u>355,000.00</u></b>	

***Note:** After posting the closing Net Asset adjustment, the only accounts that should remain in the Equity section on July 1<sup>st</sup> are Account 3010, 3050, and 3070. You should not post any entries on July 1<sup>st</sup> so that you can have a clean balance sheet. If current year entries are posted on July 1<sup>st</sup>, then you will see a Net Income number in the Equity section as well.*

## C. Complete and submit the Archdiocese Annual Report along with a diskette of the Trial Balance from QuickBooks

*After all the adjusting entries have been made, and the Current Year Net Income is properly closed out to the appropriate Net Assets Accounts, the Archdiocese Annual Report can now be completed.*

*In order to complete the report, you will need to print out a final adjusted Balance Sheet, Profit and Loss, and Trial Balance.*

*The following are some key areas of the report that should be noted:*

- ***The Annual Report must tie to the QuickBooks reports.*** Please make sure that the Net Income, Total Assets, Total Liabilities and Total Net Assets on your QuickBooks report tie to the following lines:

	<u>Schedule</u>	<u>Parish</u>	<u>School</u>
Net Income	Summary Revenue & Expense	line 31	line 30
Total Assets	Balance Sheet	line 12	line 10
Total Liabilities	Balance Sheet	line 20	line 19
Total Net Assets	Balance Sheet	line 24	line 23

*We have provided a Key for the Balance Sheet and the Summary Revenue and Expense Report, which shows which QuickBooks account roll up into each line item. If you have added accounts to your chart of accounts, then you will have to determine where to include these into the Annual Report. All accounts must be included in the Annual Report in order for it to tie out to the QuickBooks reports.*

- **Balance Sheet Report -**

*The **Total Assets must equal the Total Liabilities plus Net Assets.** We have added a reconciliation on the bottom of the Balance Sheet this year, to make sure that these numbers equal each other.*

*You also need to make sure that in the Net Asset section your Net Assets are properly classified as Unrestricted, Donor Restricted and Donor Endowment.*

- **Summary Revenue and Expense Report –**

*The top part of the report (lines 1-26 for parish, lines 1-25 for school) represent only the Unrestricted revenues and expenses for the parish or school. Net Unrestricted Income/ (Loss) is shown on line 26 for parish and line 25 for school.*

*Restricted revenues and expenses are shown in the Change in Donor Restricted Net Assets section. This should include all activity in the 49xx series of accounts (with the exception of Account 4930 Net Assets Released from Restrictions, which should be shown in the unrestricted section on line 11 for parish, or line 9 for school. The total Restricted Income/ (Loss) is shown on line 30 for parish and line 29 for school.*

*Total Net Income/ (Loss) which is the sum of the Unrestricted plus the Restricted Net Income/ (Loss) is shown on line 31 for parish, line 30 for school.*

*The Net Assets at the end of the year is the sum of the Net Assets at the beginning of the year plus the current year Total Net Income/ (Loss). This amount on line 33 for parish and line 32 for school must tie to the Total Net Assets from the Balance Sheet which is on line 24 for parish and line 23 for school. We have added a reconciliation at the bottom of the Summary Revenue and Expense Report to ensure the two numbers tie.*

- **Schedule 1a Cash and Cash Equivalents** –

*List all cash accounts, including Parish/School Organizations. The ending balance should be the reconciled bank balance as shown in your general ledger. The total of these accounts must tie to Line 1 Cash and Cash Equivalents on the Balance Sheet.*

- **Schedule 1b Capital Assets Support Corporation Deposit and Loan** –

*List all accounts on Deposit with the Capital Assets Support Corporation Deposit and Loan. The ending balance in each account as shown in your general ledger should tie to the June 30<sup>th</sup> statement of the Deposit and Loan account. The total of these accounts must tie to Line 2 Deposits in Capital Assets Support Corporation Parish Deposit and Loan on the Balance Sheet.*

- **Schedule 3 Capital Assets Support Corporation Investment Pool** –

*List all accounts invested in the Capital Assets Support Corporation Investment Pool. The Ending Balance of each account should tie to the June 30<sup>th</sup> statement of the Investment Pool. The total of these accounts must tie to Line 7 for parish or Line 5 for school on the Balance Sheet.*

*You must list the beginning balance, cash additions, Investment Distributions, Increase/(Decrease) in Market Value of the Investment, Withdrawals and Ending Balance for each account. This information can be obtained directly from your Investment Pool statements. You will need to add the four quarters' statements together to get the totals for each account.*

*Please see the end of Section C for examples of where to find the information on your Investment Pool statement.*

- **Other Schedules** –

*Pay careful attention on the other schedules for where the total of the schedule is to tie to the Balance Sheet or the Summary of Revenue and Expense. There will be a reconciliation showing if there is a difference.*

- **Schedule 18 – Other Comments** –

*Please explain any unusual or large changes in the Balance Sheet, the Summary of Revenue and Expense, and the Other Schedules. This will help avoid misinterpretation of the statements.*

- **Signatures** –

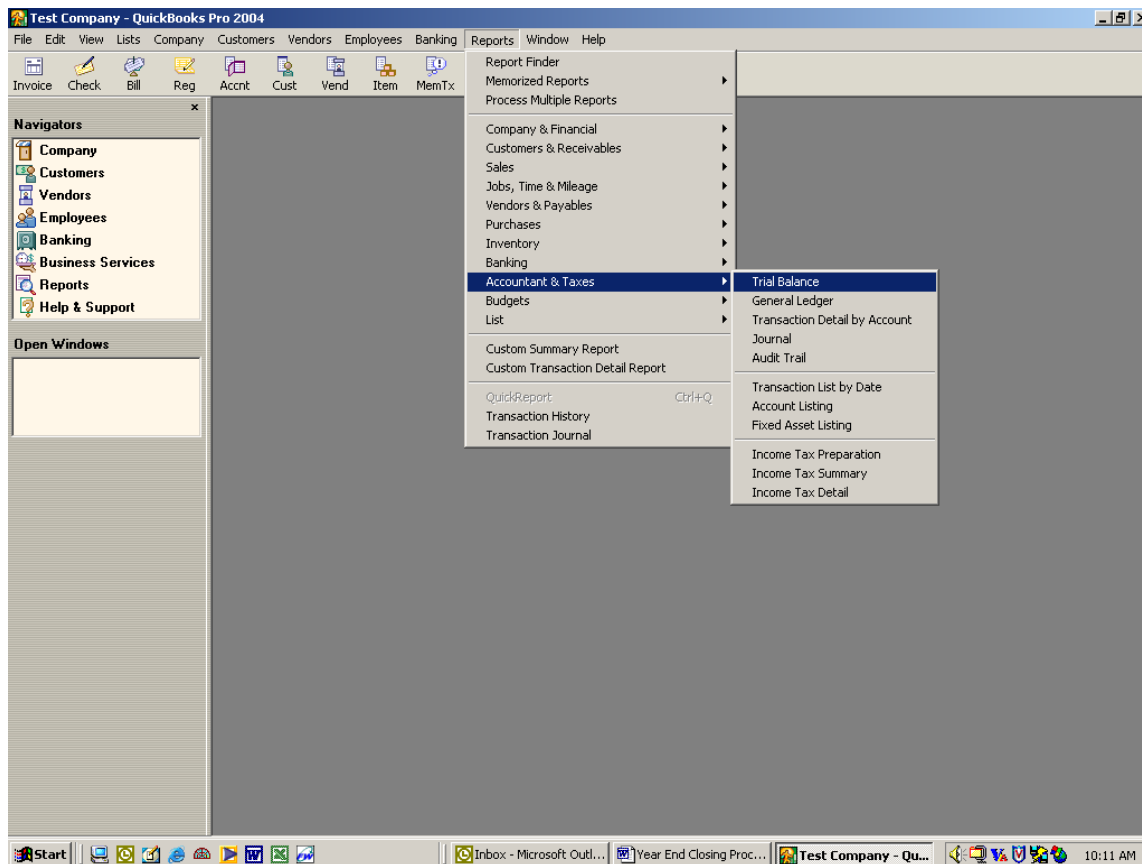
*The report needs to be signed by the actual indicated persons. The signatures will not be accepted if they are typed or signed by one person on behalf of the actual indicated person.*

*The Parish reports must be signed by the Preparer, the Pastor, and the Finance Committee Chairperson. The School reports must be signed by the Preparer, the Principal, the Pastor, the School Board Chairperson, and the parish Finance Committee Chairperson.*

- **Diskette of Trial Balance** –

*This year, we are asking that along with the Financial Report, you also submit a diskette with your QuickBooks Trial Balance in Excel format. Please make sure you run the trial balance in the greatest level of detail available so that all Accounts and Sub Accounts are shown.*

*To run the Trial Balance in QuickBooks, Select Reports, Accountant and Taxes, and Trial Balance from the Main Menu.*



***The Trial Balance Report will display. Please make sure you have selected the Trial Balance as of June 30<sup>th</sup>, 2005. Please make sure that the Trial Balance ties to the information you are submitting on your Financial Report.***

Test Company - QuickBooks Pro 2004

File Edit View Lists Company Customers Vendors Employees Banking Reports Window Help

Invoice Check Bill Reg Acct Cust Vend Item MemTx Find Abacus Backup

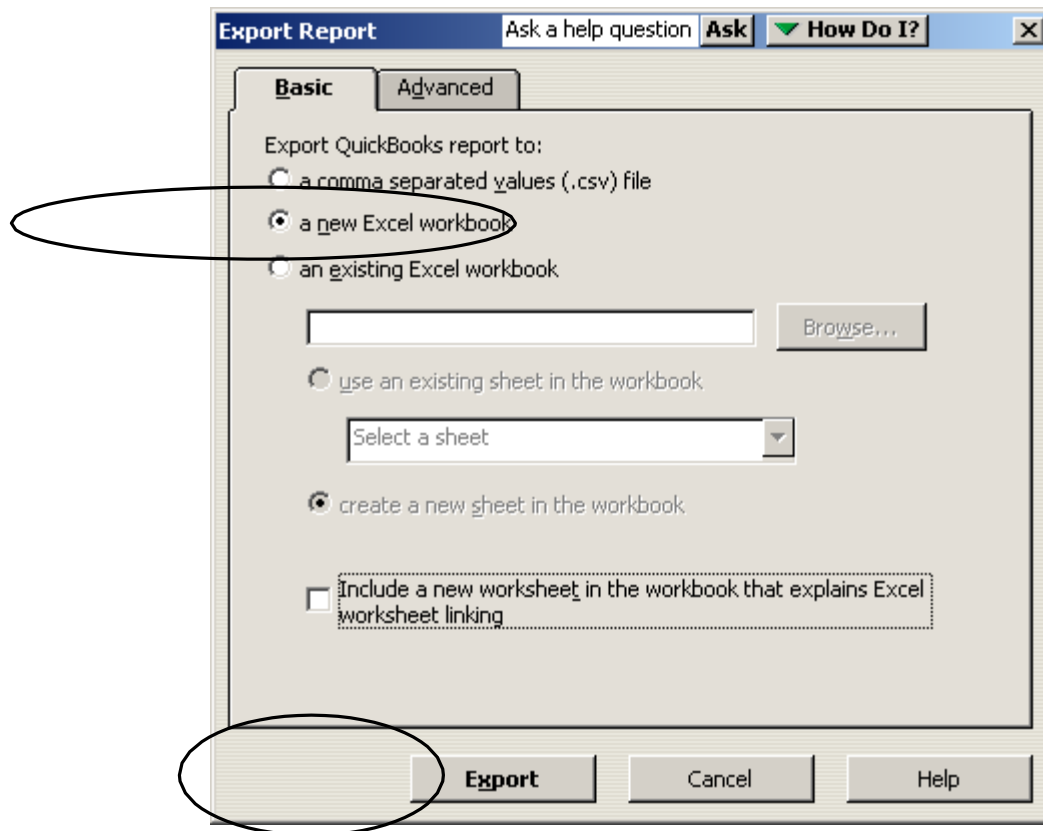
**Test Company**  
**Trial Balance**  
As of 06/30/2005

10:15 AM  
06/03/05  
Accrual Basis

**Test Company**  
**Trial Balance**  
As of June 30, 2005

	Jun 30, 05	
	Debit	Credit
1540 - Investment-Invt Pool-Endowment	150,000.00	
10xx - Cash & Cash Equivalents	5,000.00	
1010 - Parish/School Checking	125,000.00	
1080 - AD Deposit/Loan Fund-Parish	75,000.00	
3901 - Retained Earnings	180,000.00	
3010 - Unrestricted		130,000.00
3050 - Donor Restricted Assets		75,000.00
3070 - Donor Endowment Assets		150,000.00
4110 - Sunday Collections		300,000.00
4910 - Endowment / Gifts Received		50,000.00
4911 - Donor Restricted Gifts/Bequest		30,000.00
4930 - Net Assets Released from Restr		5,000.00
4950 - Net Restrict Asst Used-Dnr Rest	5,000.00	
6101 - Compensation-Priest	75,000.00	
6105 - Salaries - Lay	125,000.00	
<b>TOTAL</b>	<b>740,000.00</b>	<b>740,000.00</b>

*To Export the file to Excel, select the Export button. The following will appear.*



*Select the button for Exporting QuickBooks report to a new Excel workbook. Select the Export button on the bottom of the window.*

*QuickBooks will automatically open Excel and export the report into a new workbook. After this has occurred, go to the report in Excel and save the file to a floppy disk. Please name the file with your Parish or School name and submit the file along with the hardcopy of your signed Financial Reports.*

# EXAMPLE 1 FOR SCHEDULE 3 – INVESTMENT POOL ACCOUNTS

ARCHDIOCESE OF SAN FRANCISCO  
ONE PETER YORKE WAY, S.F., CA 94109

## S T A T E M E N T BALANCED INVESTMENT POOL

XXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXX

STATEMENT DATE  
April 29, 2005

*Investment Pool*  
Account:

XX  
XX.XX-XXXX.XX-XXX.XXX

	Beginning # of Units	NUMBER OF UNITS	X	NET UNIT VALUE	=	TOTALS (Fair Market Value)																												
PREVIOUS STATEMENT		46.60		\$ 1,374.195		\$ 64,042.73																												
CURRENT ACCOUNT ACTIVITY																																		
<table border="1"> <tr> <td>New unit value at 3/31/2005</td><td></td><td></td><td></td><td>\$ 1,336.622</td><td></td><td></td></tr> <tr> <td><b>ADDITIONS / REINVESTMENTS</b></td><td></td><td>0.42</td><td></td><td>\$ 1,336.622</td><td></td><td>\$ 562.35</td></tr> <tr> <td>Credited 4/01/2005</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td><b>WITHDRAWALS</b></td><td></td><td>9.39</td><td></td><td>\$ 1,336.622</td><td></td><td>\$ 12,552.19</td></tr> </table>							New unit value at 3/31/2005				\$ 1,336.622			<b>ADDITIONS / REINVESTMENTS</b>		0.42		\$ 1,336.622		\$ 562.35	Credited 4/01/2005							<b>WITHDRAWALS</b>		9.39		\$ 1,336.622		\$ 12,552.19
New unit value at 3/31/2005				\$ 1,336.622																														
<b>ADDITIONS / REINVESTMENTS</b>		0.42		\$ 1,336.622		\$ 562.35																												
Credited 4/01/2005																																		
<b>WITHDRAWALS</b>		9.39		\$ 1,336.622		\$ 12,552.19																												
<input type="checkbox"/> ENDING ACCOUNT BALANCE		37.63		\$ 1,336.622		\$ 50,301.85																												

**DISTRIBUTION: Reinvestment** in the amount of . . . . . \$ **562.35**  
Distribution is based on 1.00% X the number of units in your account at the end of the previous quarter X the average of the previous  
12 quarterly net unit values. The 12 quarter average unit value for this distribution period is \$1,206.655.

**PLEASE NOTE:** Additions to the Investment Pool will only be accepted during the first five business days of the quarter. Additions must be at least \$1,000.00.

If you have any questions regarding your account, please call Helen Lee at (415) 614-5513,  
or Mary Connolly at (415) 614-5515.

**Example 1 (See Investment Pool Statement on previous page)**  
**Investment Pool – Recording activity from a Restricted Investment Pool Account**

**1. Investment Pool Additions-** In this example, the only addition to the Investment Pool was due to a reinvestment of Distributions (which is recorded as shown below under distributions). There are no other Additions to record)

**2. Investment Pool Distributions –** In this example, there is a \$562.35 distribution that is reinvested into the Investment Restricted fund. This is recorded as follows:

Debit 1530 Investment In Arch Inv Pool – Restricted	
	562.35

Credit 4921 Income Donor Restricted Gifts	562.35
---	--------

**3. Change in Market Value of Investment Pool –**To record the total increase/(decrease) in investment due to the change in the unit value of the investment. The best way to calculate the Change in Market Value of the Investment Pool Account is as follows:

Beginning Number of Units x Beginning Net Unit Value = Beginning Market Value  
Beginning Number of Units x Ending Net Unit Value = Ending Market Value  
Ending Market Value – Beginning Market Value = Change in Market Value

In this example, there are 46.60 beginning units, with a beginning unit value of \$1,374.195 and an ending unit value of \$1,366.622.

46.60 X \$1,374.195 = 64,038 Beginning Market Value \* there will always be a small rounding difference compared to stmt  
46.60 X \$1,366.622 = 62,287 Ending Market Value  
62,287 – 64,038 = (1,751) Decrease in Market Value

To record this change in market value

Debit 4921 Income Donor Restricted Gifts	1,751	
Credit 1530 Investment in Arch Inv Pool – Donor Restricted		1,751

**4. Investment Pool Withdrawals -** In this example, the parish withdrew \$12,552.19 in funds from the Restricted Investment Pool. When the check is received from the Archdiocese it should be deposited into the checking account and recorded as follows:

Debit 1010 Operating Checking Account	12,552.19	
Credit 1530 Investment in Arch Inv Pool –Restricted		12,552.19

Since the Restricted funds are now being used for their purpose, you must record the Net Asset Release and Use as follows:

Debit 4950 Net Restricted Assets Used – Restricted	12,552.19	
Credit 4930 Net Assets Released from Restrictions		12,552.19

When you actually use the funds, you need to record the entry that shows what purpose the funds were used for.

Debit 1620 Furniture, Fixture and Equipment	12,552.19	
Credit 1010 Operating Checking Account		12,552.19

**Reporting this on Schedule 3 of Financial Report –**The above example would be reported on Schedule 3 as follows.

Column A Beginning Balance (from statement) - \$64,043

*Column B Cash Additions to Pool (see 3 above)– 0*  
*Column C Investment Distributions(see 1 above) - \$562.35*  
*Column D Increase/(Decrease) in Market Value (see 4 above) – (\$1,751)*  
*Column E Withdrawals (see 2 above) - \$12,552.19*  
*Column F Ending Balance = A + B + C + D – E = \$50,302 \*\* ties to statement*

## EXAMPLE 2 FOR SCHEDULE 3 – INVESTMENT POOL ACCOUNTS

ONE PETER YORKE WAY, S.F., CA 94109

BALANCED INVESTMENT POOL

XXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXX

STATEMENT DATE  
January 28, 2005

Investment Pool XXXXXXXXXXXXXXXXXXXXXXXXXX

Account:                      XX.XX-XXXX.XX-XXX.XXX

	NUMBER OF UNITS	UNIT X VALUE	=	TOTALS (Fair Market Value)
PREVIOUS STATEMENT	171.00	\$ 1,280.858		\$ 219,027.74

### CURRENT ACCOUNT ACTIVITY

New unit value at 12/31/2004		\$ 1,374.195	
<b>ADDITIONS / REINVESTMENTS</b>	28.66	\$ 1,374.195	\$ 39,387.31
Credited 1/01/2005			
<b>WITHDRAWALS</b>	0.00	\$ 1,374.195	\$ 0.00

ENDING ACCOUNT BALANCE	199.66	\$ 1,374.195	\$ 274,375.87
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**DISTRIBUTION: Check** in the amount of . . . . . \$ **2,039.46**  
Distribution is based on 1.00% X the number of units in your account at the end of the previous quarter X the average of the previous restated 12 quarterly net unit values. The 12 quarter average unit value for this distribution period is \$1,192.658.

**PLEASE NOTE:** Additions to the Investment Pool will only be accepted during the first five business days of the quarter. Additions must be at least \$1,000.00.

If you have any questions regarding your account, please call Helen Lee at (415) 614-5513, or Mary Connolly at (415) 614-5515.

**Example 2 (See Investment Pool Statement on previous page)**

**Investment Pool – Recording activity from a Endowment Investment Pool Account**

**1. Investment Pool Distributions** – In this example, there is a \$2,039.46 distribution from the Endowment Investment Pool account that is paid to the school via a check. When the check is received from the Archdiocese, it should be deposited into the operating checking account and the Net Assets should be released as follows:

Debit 1010	Operating Checking Account	2,039.46	
	Credit 4920	Income from Endowments	2,039.46
Debit 4940	Net Assets Used – Donor Endowment	2,039.46	
	Credit 4930	Net Assets Released from Restrictions	2,039.46

**2. Investment Pool Withdrawals** - In this example, there were no additional cash withdrawals from the investment pool other than the distribution received by check shown above.

**3. Investment Pool Additions**- In this example, there was a cash addition to the Endowment Investment Pool Account of \$39,387.31. That cash was then transferred to the Investment pool.

As the cash is collected from donors, the following entry is made:

Debit 1010	Operating Checking Account	39,387.31	
	Credit 4910	Endowments Received	39,387.31

At the end of the quarter, the cash is transferred to the Investment pool and recorded as follows:

Debit 1540	Inv in Arch Pool – Endowment	39,387.31	
	Credit 1010	Operating Checking Account	39,387.31

**4. Change in Market Value of Investment Pool** –To record the total increase/(decrease) in investment due to the change in the unit value of the investment. The best way to calculate the Change in Market Value of the Investment Pool Account is as follows:

Beginning Number of Units x Beginning Net Unit Value = Beginning Market Value

Beginning Number of Units x Ending Net Unit Value = Ending Market Value

Ending Market Value – Beginning Market Value = Change in Market Value

In this example, there are 171.00 beginning units, with a beginning unit value of \$1,280.858 and an ending unit value of \$1,374.195.

171.00 X \$1,280.858 = 219,027 Beginning Market Value

171.00 X \$1,374.195 = 234,987 Ending Market Value

234,987 – 219,027 = 15,960 Increase in Market Value

To record this change in market value

Debit 1540	Investment in Arch Inv Pool –Endowment	15,960	
	Credit 4920	Income from Endowments	15,960

**Reporting this on Schedule 3 on Financial Report** –The above example would be reported on Schedule 3 as follows.

Column A Beginning Balance (from statement) - \$219,028

Column B Cash Additions to Pool (see 3 above)– \$39,387

Column C Investment Distributions(see 1 above) - \$2,039.46

Column D Increase/(Decrease) in Market Value (see 4 above) – \$15,960

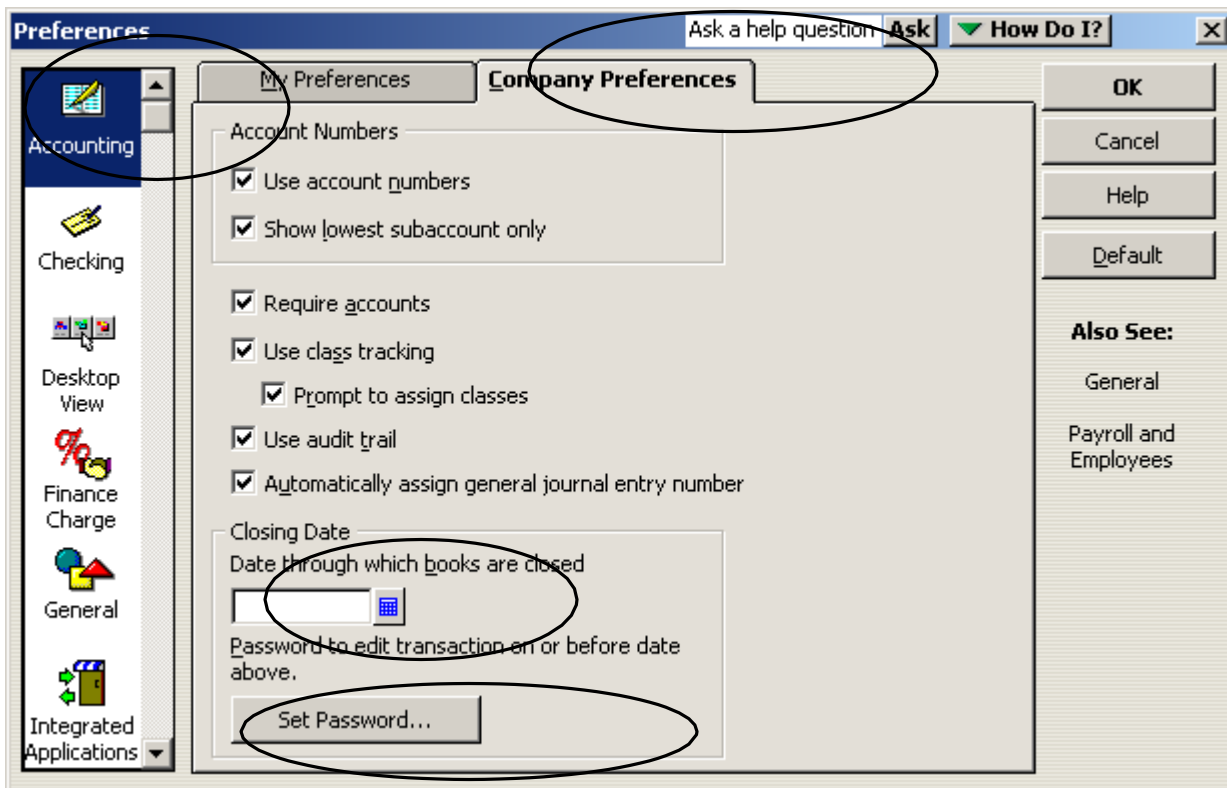
Column E Withdrawals (see 2 above) - \$2,039.46

Column F Ending Balance = A + B + C + D – E = \$274,375 \*\* ties to statement

## D. Protect QuickBooks records for the year just ended

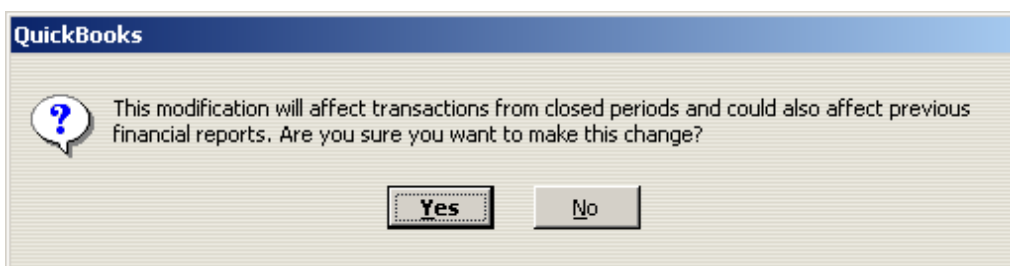
*The final steps to closing out the year are (1) Protect your QuickBooks records for the year just ended so that you do not accidentally go back and make entries into last year's reconciled and tied amounts by setting a Closing Date. (2) Make two backups of your QuickBooks file and store one onsite and one offsite in a secure location.*

*(1) To set a Closing Date for the year just ended, Select Edit, Preferences from the Main Menu. The following window will display:*

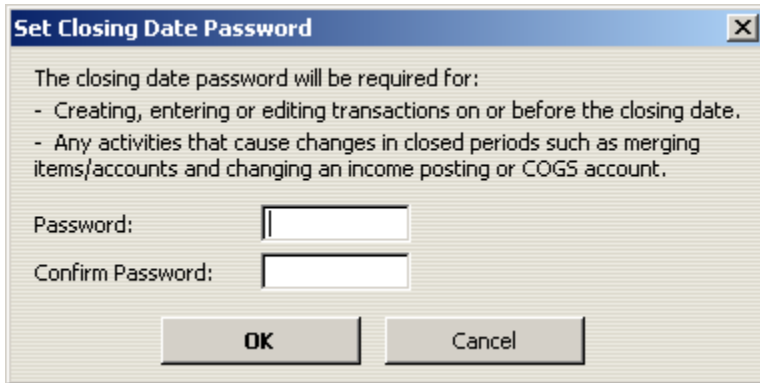


*Make sure you have selected Accounting Preferences on the far Left, and the Company Preferences tab on the top.*

*On the bottom half of the window, you can set the Closing Date. You should set the closing date to the year just ended. After setting the closing date, a warning message will display if you try to enter a transaction prior to that date. The warning message will display as follows:*

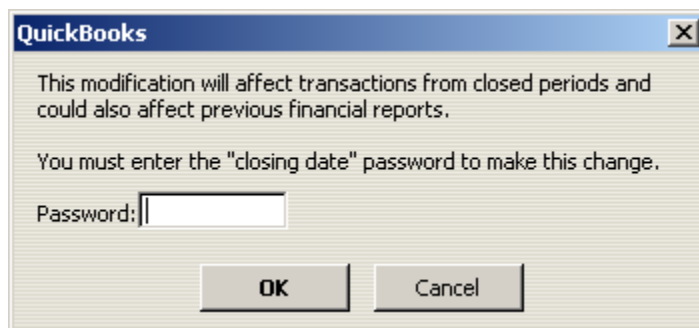


*You may also set a Password, so that you will not be able to add a transaction prior to the closing date unless you enter the Password. To set a Password, select the Set Password button, and the following dialog box will appear.*



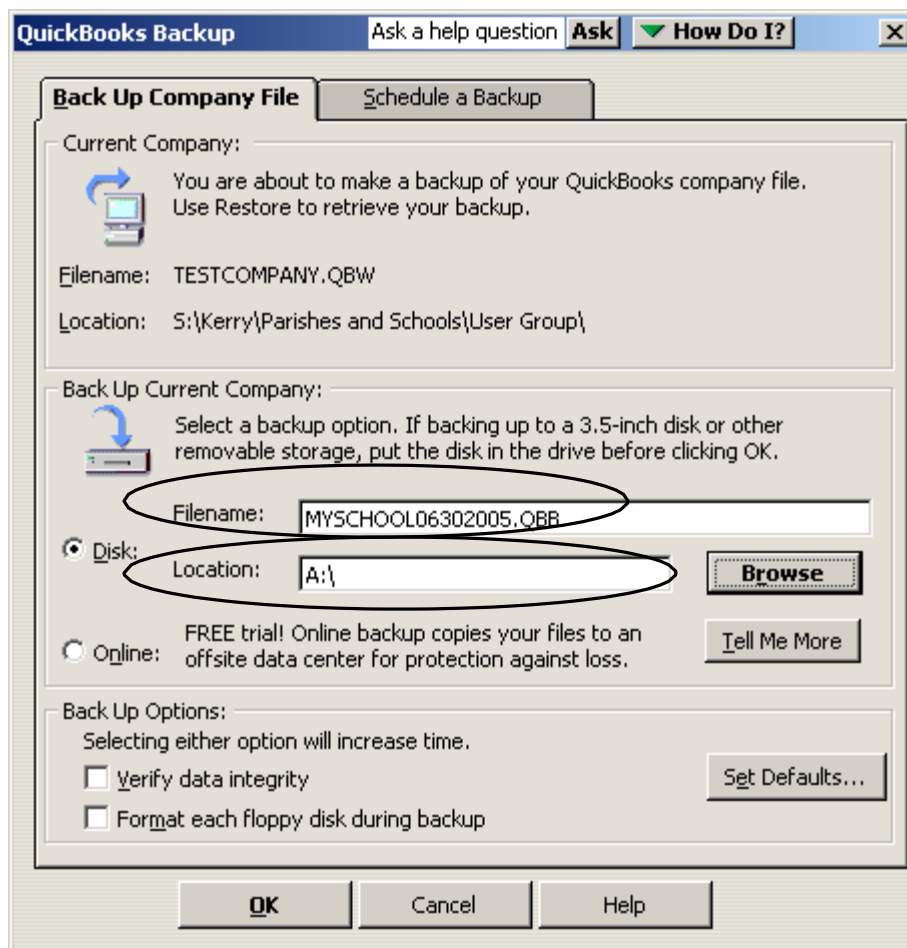
The dialog box is titled "Set Closing Date Password" with a close button (X) in the top right corner. The text inside reads: "The closing date password will be required for:" followed by a bulleted list: "- Creating, entering or editing transactions on or before the closing date." and "- Any activities that cause changes in closed periods such as merging items/accounts and changing an income posting or COGS account." Below the list are two input fields: "Password:" and "Confirm Password:". At the bottom are two buttons: "OK" and "Cancel".

If you set the password, if you try to enter a transaction prior to the closing date the following will appear:

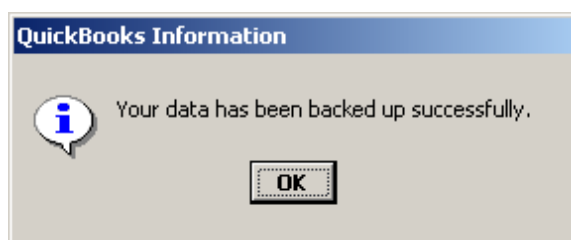


The dialog box is titled "QuickBooks" with a close button (X) in the top right corner. The text inside reads: "This modification will affect transactions from closed periods and could also affect previous financial reports." followed by "You must enter the 'closing date' password to make this change." Below this is a single input field labeled "Password:". At the bottom are two buttons: "OK" and "Cancel".

2. To make a backup of your QuickBooks file, Select File, Backup from the Main Menu. The following will display:



Make sure you name your Filename something that makes sense, such as the name of your parish and the year ending date. Set the location of where you want to backup the file, i.e. a disk or a network drive. Then select OK. You will get a message when your data has been successfully backed up.



## E. Year End Closing Procedure Checklist

- ☐ Record all deposits through June 30<sup>th</sup>
- ☐ Record all bills for goods or services received prior to June 30<sup>th</sup>. These bills will either have been paid before June 30<sup>th</sup>, or shown as an Accounts Payable.
- ☐ Record all Bank, Investment and Petty Cash Accounts. Make sure all bank accounts for organizations using the parish/school Tax ID Number are recorded.
- ☐ Record Interest Earned on:
  - Savings Accounts
  - Capital Assets Support Corporation Deposit and Loan Accounts
  - Capital Assets Support Corporation Investment Pool Accounts
- ☐ Reconcile all Bank, Investment and Petty Cash Accounts. Obtain copies of the June statements of account for the Deposit and Loan and the Investment Pool Account from the Capital Assets Support Corporation.
- ☐ Record ending Inventories for:
  - Bingo games materials
  - Scrip
  - Gift Shop Materials
  - Other Supplies (material amounts only)
- ☐ Reconcile/Analyze Other Asset and Liability Accounts
  - Accounts Receivable - Trade
  - Tuition/Fees Receivable
  - Prepaid Expense
  - Accounts Payable – Trade
  - Deferred Revenue
  - Other Accrued Expenses
    - Payroll
    - Pension
    - Taxes
    - Insurance
    - Interest
  - Loan Payable to Archdiocese
- ☐ Create and record any Adjusting Entries
- ☐ Print preliminary Financial Statements
  - Trial Balance
  - Profit and Loss Statements
  - Balance Sheet

- Analyze Current Year Restricted accounts
  - Donor Endowment
  - Donor Restricted
  - Unrestricted
- Create and Record journal entry to transfer the year's Net Income change to:
  - Donor Endowment
  - Donor Restricted
  - Unrestricted
- Print Final Year-End Financial Statements and other reports that you may want to keep as a hard copy
  - Trial Balance
  - Profit and Loss Statements
  - Balance Sheet
  - General Ledger
  - Detailed Transactions by Account/Date
  - Other Reports
- Prepare the Annual Parish/School Financial Reports and Schedules for submission to the Chancery Office. Make sure the reports tie out to the QuickBooks file. Create diskette with QuickBooks Trial Balance in Excel format.
- **IMPORTANT: The Annual Parish/School Financial Reports and the diskette with the Trial Balance is due to the Chancery Office on or before September 15<sup>th</sup>, 2005.**
- Protect your QuickBooks records for the year just ending by providing a closing date and an optional Password.
- Backup your QuickBooks data file