

# BOOK V THE TEMPORAL GOODS OF THE CHURCH

## TABLE OF CONTENTS

<b>§100 CIVIL AND CANON LAWS.....</b>	<b>[100]</b>
<b>§200 PASTORAL CENTER BANKING GUIDELINES.....</b>	<b>[200]</b>
<b>§201 Name of Parish Bank Accounts.....</b>	<b>1</b>
<b>§202 Deposits In Savings Accounts.....</b>	<b>1</b>
§202.1. General Banking Guidelines.....	1
§202.2. Regular Savings Accounts.....	2
§202.3. Special Savings Accounts.....	2
§202.4. Investment Restrictions.....	2
<b>§203 Loans.....</b>	<b>3</b>
§203.1. General Loan Guidelines.....	3
§203.2. Parish Operating Loans.....	4
§203.3. Capital Improvement and New Construction Loans.....	4
<b>§204 Parish Checking Accounts.....</b>	<b>5</b>
<b>§300 PARISH ORGANIZATION BANK ACCOUNTS.....</b>	<b>[300]</b>
<b>§301 Signatory and Receiver.....</b>	<b>1</b>
<b>§302 Annual Reports.....</b>	<b>1</b>
<b>§303 Unused Funds.....</b>	<b>2</b>

<b>§400 AGENCY ACCOUNTS.....</b>	<b>[400]</b>
<b>§401 General Rule.....</b>	<b>1</b>
<b>§402 Exceptions.....</b>	<b>1</b>
<b>§500 BOOKKEEPING AND FINANCIAL REPORTS.....</b>	<b>[500]</b>
<b>§501 General Bookkeeping Practices.....</b>	<b>1</b>
<b>§502 Disbursements.....</b>	<b>1</b>
<b>§503 Payroll Deductions.....</b>	<b>2</b>
<b>§504 Misappropriation of Funds.....</b>	<b>2</b>
<b>§505 Financial Reports.....</b>	<b>2</b>
§505.1. Annual Financial Report.....	2
§505.2. Annual Budget Report.....	3
§505.3. Quarterly Financial Report.....	3
<b>§600 CONTRACTS.....</b>	<b>[600]</b>
<b>§601 Contracts Under \$20,000.....</b>	<b>1</b>
<b>§602 Contracts Over \$20,000.....</b>	<b>1</b>
<b>§603 Review of Contracts.....</b>	<b>1</b>
<b>§700 CAPITAL PROJECTS FOR PARISHES.....</b>	<b>[700]</b>
<b>§701 Approval Requirements for Capital Improvement Projects (Construction Projects).....</b>	<b>1</b>
§701.1. General Procedures.....	1
§701.2. Approval of Capital Projects Costing More than \$20,000.....	2
§701.3. Managing Capital Projects Costing More than \$20,000.....	2
701.3.1. Step 1: Planning.....	3
701.3.2. Step 2: Approval of Project Design/Financing.....	3
701.3.3. Step 3: Project Execution.....	4
701.3.4. Step 4: Project Close-Out.....	4

<b>§702</b>	<b>Life/Safety Issues.....</b>	<b>5</b>
<b>§703</b>	<b>Funding Requirements for Capital Expenditures .....</b>	<b>5</b>
	§703.1. Source of Funding.....	5
	§703.2. Percentage of Funding Required.....	6
<b>§704</b>	<b>Construction Contracts .....</b>	<b>6</b>
	§704.1. Construction Contracts Under \$20,000 .....	6
	§704.2. Construction Contracts \$20,000 and Over.....	7
	§704.3. Promotion of the Rights of Workers/Unions .....	7
<b>§705</b>	<b>Use of Volunteers .....</b>	<b>7</b>
<b>§706</b>	<b>Equal Opportunity .....</b>	<b>8</b>
<b>§800</b>	<b>ARCHDIOCESAN FACILITIES, LIQUOR LICENSES, AND GAMBLING .....</b>	<b>[800]</b>
<b>§801</b>	<b>Rental of Parish Facilities to Outside Individuals and Groups.....</b>	<b>1</b>
	§801.1. General Policy.....	1
	§801.2. License and Insurance Requirements .....	1
	§801.3. Rental to Student Groups and Gambling .....	2
<b>§802</b>	<b>Liquor Licenses .....</b>	<b>3</b>
<b>§803</b>	<b>Licenses For Outdoor Carnivals, Festivals and Other Events .....</b>	<b>4</b>
<b>§804</b>	<b>Charitable Games Licenses.....</b>	<b>4</b>
<b>§805</b>	<b>Bingo License.....</b>	<b>5</b>
<b>§806</b>	<b>Raffle Licenses.....</b>	<b>5</b>
<b>§807</b>	<b>Pull Tab Licenses .....</b>	<b>5</b>
<b>§808</b>	<b>Gambling Taxes .....</b>	<b>7</b>
<b>§809</b>	<b>Sales Taxes.....</b>	<b>7</b>
<b>§810</b>	<b>Chicago Soft Drink Tax.....</b>	<b>7</b>

<b>§900</b>	<b>WITHHOLDING TAXES AND REPORTING REQUIREMENTS FOR GAMBLING WINNINGS.....</b>	<b>[900]</b>
	<b>§901 Withholding Requirements.....</b>	<b>1</b>
	<b>§902 Reporting Requirements .....</b>	<b>1</b>
<b>§1000</b>	<b>SALES TAX EXEMPTION.....</b>	<b>[1000]</b>
<b>§1100</b>	<b>SALES TAX COLLECTION AND REMITTANCE .....</b>	<b>[1100]</b>
<b>§1200</b>	<b>PRIEST TAXES.....</b>	<b>[1200]</b>
	<b>§1201 Priest Self-Employment Tax Reimbursement.....</b>	<b>1</b>
	<b>§1202 Filing Tax Information for Priests .....</b>	<b>1</b>
<b>§1300</b>	<b>CHARITABLE GIFTS AND QUID PRO QUO CONTRIBUTIONS .....</b>	<b>[1300]</b>
	<b>§1301 Substantiation of Charitable Contributions in Excess of \$250.....</b>	<b>1</b>
	<b>§1302 Disclosure Requirements for Quid Pro Quo Contributions in Excess of \$75 ..</b>	<b>2</b>
<b>§1400</b>	<b>TUITION VERSUS CHARITABLE CONTRIBUTION.....</b>	<b>[1400]</b>
<b>§1500</b>	<b>GIFTS OF FINANCIAL INSTRUMENTS .....</b>	<b>[1500]</b>
	<b>§1501 Sale of Financial Instruments .....</b>	<b>1</b>
	<b>§1502 Disposition of Stock Certificates.....</b>	<b>1</b>
	<b>§1503 Wire Transfer of Stock.....</b>	<b>2</b>
<b>§1600</b>	<b>PARISH SAVINGS AND LOANS AND PROCEEDS FROM PROPERTY SALES FOR CLOSING OR CONSOLIDATING PARISHES .....</b>	<b>[1600]</b>
	<b>§1601 Closing Parishes .....</b>	<b>1</b>
	<b>§1602 Consolidating Parishes .....</b>	<b>2</b>

<b>§1603 Merging Parishes .....</b>	<b>2</b>
<b>§ 1700 BEQUESTS .....</b>	<b>[1700]</b>
<b>§1701 Bequests for Masses .....</b>	<b>1</b>
§1701.1. Interpretation of Language.....	1
§1701.2. Intention of Donor to be Honored.....	1
§1701.3. No Mass Obligations Beyond One Year.....	2
§1701.4. Distribution of Intentions.....	2
§1701.5. Communication with Executor .....	2
§1701.6. Parish Stipend Amount in Effect .....	2
<b>§1702 Bequests Other than Masses .....</b>	<b>3</b>
§1702.1. Notification of Archdiocese.....	3
§1702.2. Role of Office of Stewardship and Development .....	3
<b>§1703 Bequests to Closed Parishes or Schools .....</b>	<b>3</b>
<b>§1800 MASS STIPENDS.....</b>	<b>[1800]</b>
<b>§1900 DIOCESAN FINANCE COUNCIL .....</b>	<b>[1900]</b>
<b>§1901 Council Responsibilities .....</b>	<b>1</b>
<b>§1902 Meetings.....</b>	<b>2</b>
<b>§1903 Membership.....</b>	<b>2</b>
<b>§1904 Indemnification .....</b>	<b>3</b>
<b>§1905 Committees .....</b>	<b>3</b>
<b>§1906 Conflict of Interests .....</b>	<b>4</b>
<b>§2000 THE PARISH FINANCE COMMITTEE.....</b>	<b>[2000]</b>
<b>§2001 Committee Requirement .....</b>	<b>1</b>
<b>§2002 Membership Requirements.....</b>	<b>1</b>

§2002.1. Christian Faithful .....	1
§2002.2. Appointment by Pastor .....	1
§2002.3. Drawn from the Community .....	2
§2002.4. Number of Members .....	2
§2002.5. Conflict of Interest .....	2
<b>§2003 Consultation by Pastor .....</b>	<b>2</b>
<b>§2100 GRANT ALLOCATION PROCESS AND CRITERIA .....</b>	<b>[2100]</b>
<b>§2101 Grant Allocation Process.....</b>	<b>1</b>
§2101.1. Parish Pastoral Plan .....	1
§2101.2. Total Amount of Grant Money to be Available.....	2
§2101.3. Establishing a List of Grant Candidate Parishes.....	2
§2101.4. Initial Analysis of Grant Candidates.....	2
§2101.5. Parish Response to Analysis .....	2
§2101.6. Tentative Grant Proposals for Eligible Parishes .....	3
§2101.7. Parish Response and Final Recommendation .....	3
§2101.8. Archbishop's Review and Approval .....	3
§2101.9. Grant Parishes to Submit Balanced Budgets .....	3
<b>§2102 Grant Allocation Criteria.....</b>	<b>4</b>
§2102.1. Parish Elementary School Education Criteria .....	4
§2102.2. Parish Secondary Education Criteria .....	5
<b>§2200 THE PARISH AND/OR SCHOOL ENDOWMENT FUND .....</b>	<b>[2300]</b>
<b>§2201 Definitions.....</b>	<b>1</b>
§2201.1. Restricted Endowment .....	2
§2201.2. Funds Held Separately .....	2
§2201.3. Investment of Monies .....	2
§2201.4. Monthly Distributions.....	2
§2201.5. Withdrawals .....	3
<b>§2202 Closures and Consolidations.....</b>	<b>3</b>

§2202.1. School Closure .....	3
§2202.2. School Consolidation .....	3
§2202.3. Closure of parish or non-parish school .....	3
§2202.4. Parish Closure .....	3
§2202.5. Parish Consolidation .....	4
<b>§2203 Termination of Fund .....</b>	<b>4</b>
<b>§2204 Guidelines for Establishment of Parish and/or School Endowment Fund.....</b>	<b>4</b>
§2204.1. Pastor’s Approval .....	4
§2204.2. Initial Deposit .....	4
§2204.3. Commingling .....	5
§2204.4. Rate of Earnings.....	5
§2204.5. Withdrawals of Principal .....	5
§2204.6. Annual Financial Report.....	5
<b>§2300 INSURANCE/RISK MANAGEMENT SERVICES.....</b>	<b>[2300]</b>
<b>§2400 LEGAL SERVICES.....</b>	<b>[2400]</b>
<b>§2401 The Office of Legal Services .....</b>	<b>1</b>
<b>§2402 Outside Legal Services.....</b>	<b>1</b>
<b>§2500 REAL ESTATE.....</b>	<b>[2500]</b>
<b>§2501 Responsibility .....</b>	<b>1</b>
<b>§2502 Financial Processing .....</b>	<b>1</b>
§2502.1. Conveyances .....	1
§2502.2. Acquisition.....	3
§2502.3. Leaseholds .....	3
<b>§2503 Gifts of Real Estate .....</b>	<b>3</b>
<b>§2504 Real Estate Taxes .....</b>	<b>4</b>
<b>§2505 Other Service Taxes.....</b>	<b>4</b>

<b>§2600 ARCHDIOCESAN RECORDS .....</b>	<b>[2600]</b>
<b>§2601 Ownership of Records .....</b>	<b>1</b>
<b>§2602 Records Retention Schedules .....</b>	<b>1</b>
<b>§2603 Litigation Hold Notices.....</b>	<b>2</b>
<b>§2700 PURCHASING.....</b>	<b>[2700]</b>
<b>§2701 Expenditure Authorization .....</b>	<b>1</b>
<b>§2702 Blanket Purchase Requisitions .....</b>	<b>2</b>
<b>§2703 Internal Purchase Order Systems .....</b>	<b>3</b>
<b>§2704 Purchase of Vehicles .....</b>	<b>3</b>
<b>§2705 Purchase of Computer Hardware &amp; Software by Pastoral Center Agencies ..</b>	<b>3</b>
<b>§2800 INDEPENDENT CONTRACTOR VS. EMPLOYEE.....</b>	<b>[2800]</b>
<b>§2900 AGENCY FUND RAISING .....</b>	<b>[2900]</b>
<b>§3000 FUNDRAISING APPEALS TO THE FAITHFUL .....</b>	<b>[3000]</b>
<b>§3100 LEASING OF CHURCH PROPERTY .....</b>	<b>[3100]</b>



## **§100 CIVIL AND CANON LAWS**

**101.1. Policy** Pastors, principals, parochial administrators and agency directors shall observe all applicable civil and canon laws pertaining to the administration of the parish, school or agency (see especially canons 1281-1289).

### **Note**

This policy was enacted to cover the numerous laws and regulations that are not mentioned in this manual, but which the Archdiocese recognizes and follows. Some civil laws will be covered in this manual because of their importance and frequency of application in the Archdiocese.

## **§200 PASTORAL CENTER BANKING GUIDELINES**

### **§201 NAME OF PARISH BANK ACCOUNTS**

**201.1. Policy** The name on a parish bank account shall be the same as the name on file with the Internal Revenue Service that matches the Federal Employer Identification Number (FEIN). “Catholic Bishop of Chicago, a Corporation Sole” shall appear in the name as secondary to the name on file with the Internal Revenue Service.

#### ***Procedures***

If the name on file with the Internal Revenue Service is the name of the parish, such as St. Paul Parish, then the name of the bank account should be: “St. Paul Parish, Catholic Bishop of Chicago, a Corporation Sole.”

### **§202 DEPOSITS IN SAVINGS ACCOUNTS**

*The Archdiocesan Bank holds funds for Parishes, Schools and Agencies in Regular and Special Savings Accounts. (Agency accounts are allowed only in exceptional circumstances as defined in §400.) A Special Savings Account is the equivalent of a certificate of deposit.*

#### **§202.1. General Banking Guidelines**

**202.1.1. Policy** Interest rates on savings accounts shall be published quarterly.

#### ***Procedures***

Interest rates and other relevant banking information will be mailed to account holders in monthly and quarterly statements.

**202.1.2. Policy** Deposits made with the Pastoral Center Bank shall be available for withdrawal at any time upon request of the Pastor, Principal or Administrator of the Parish, School or Agency.

**202.1.3. Policy** Funds on deposit shall earn interest on a daily basis. Interest earned shall be posted to the deposit account on a monthly basis. This policy shall apply to all savings accounts.

**202.1.4. Policy** Interest shall be available for withdrawal at any time upon the request of the Pastor, Principal or Administrator of the Parish, School or Agency.

## §202.2. Regular Savings Accounts

**202.2.1. Policy** A Regular Savings Account may be established regardless of whether a Parish, School or Agency has an outstanding loan with the Pastoral Center Bank. Excess or operating funds deposited in a Regular Savings Account shall not be offset against any outstanding loan.

**202.2.2. Policy** Deposit of new funds may provide the option of upgrading a savings account from one type to another. Interest for the upgraded account shall be earned at the higher rate from the date of notification and the receipt of additional funds.

## §202.3. Special Savings Accounts

**202.3. Policy** A 90 day or 1 year Special Savings Account (certificate of deposit) may be established with a minimum deposit of \$100,000 or \$250,000, respectively. Early withdrawal of principal shall result in a penalty. Interest on a premature withdrawal shall be calculated on the regular savings rate and not the certificate of deposit rate.

## §202.4. Investment Restrictions

**202.4. Policy** Parishes and schools shall not deposit excess funds at financial institutions other than the Archdiocesan bank.

## §203 LOANS

### §203.1. General Loan Guidelines

**203.1.1. Policy** Interest rates on loans shall be published quarterly.

#### *Procedures*

Interest rates and other relevant banking information will be mailed to account holders in monthly and quarterly statements.

**203.1.2. Policy** Interest on loans shall be incurred daily and posted monthly to the Parish, School or Agency loan account.

**203.1.3. Policy** Principal and interest shall be paid monthly or in accordance with the loan agreement.

**203.1.4. Policy** If a Parish, School or Agency has an outstanding loan with the Pastoral Center Bank that does not provide for a fixed repayment schedule, it shall not have a higher than regular interest-bearing savings account.

**203.1.5. Policy** If a Parish, School or Agency has an outstanding loan with the Pastoral Center Bank with a fixed repayment schedule, it may also have a high interest rate savings account, provided it is current with its debt service schedule and the billings from the Pastoral Center.

#### *Procedures*

The term “current” is defined as within 30 days of the due date.

**§203.2. Parish Operating Loans**

**203.2. Policy** Parishes in need of an operating loan shall be considered on a case-by-case basis.

***Procedures***

- a) Factors which will be taken into consideration for an operating loan will include, but not be limited to:
  - 1) parish size (both past and projected)
  - 2) educational requirements
  - 3) staff size
  - 4) location
  - 5) economy of the local community
  - 6) ability to service the debt
  - 7) other financial and census-type information
  
- b) A Promissory Note will be signed by the Pastor indicating the purpose for which the loan is made, the amount, the interest rate and the repayment schedule.

**§203.3. Capital Improvement and New Construction Loans**

**203.3. Policy** For a parish to qualify for a capital improvement or new construction loan, the following procedures shall be followed.

***Procedures***

- a) The capital improvement or construction project must be first approved as per the process in §601.
- b) The current loan balance, if any, must be less than 25% of the ordinary operating income level for the most recently completed fiscal year.
- c) The loan repayment rate for any current outstanding loan must be at least equal to 10% per year of the ordinary operating income for each of the prior three years.
- d) The funding requirements in §602 must be met.
- d) The repayment schedule for a major capital improvement loan must not exceed a five-year period commencing with the completion of the improvement project.
- e) The repayment schedule for a capital construction loan must not exceed a seven-year period commencing with the completion of the construction project.
- f) A promissory note will be signed by the Pastor indicating the purpose for which the loan is made, the amount, the interest rate and the repayment schedule.
- g) Loans necessary for emergency repairs will be handled in the most expeditious manner possible based on the circumstances. (See §701.3 and 702 regarding funding for “life and threatening” issues.)

## §204 PARISH CHECKING ACCOUNTS

**204.1. Policy** Parishes are authorized to open checking accounts at their local banks in order to operate their day to day activities. However, excess funds (over 90 days operating needs) shall be deposited with the Pastoral Center Bank.

**204.2. Policy** Only the pastor, administrator, associate pastor, or an appropriate delegate of the pastor or administrator shall be authorized to sign on checking accounts.

### ***Procedures***

It is recommended that there be two signatures required if neither of them is the pastor.

## §300 PARISH ORGANIZATION BANK ACCOUNTS

*This policy applies to parish organizations holding funds or maintaining bank accounts which are not free-standing entities, but rather exist specifically to provide ministry and services to the parish church and/or school, and would have no existence were it not for the existence of the parish church or school. Examples of parish organizations are: Fathers Clubs, Athletic Associations, ethnic organizations, youth groups, etc.*

### §301 SIGNATORY AND RECEIVER

**301.1. Policy** An authorized representative of the church or school, namely the Pastor and/or the Principal, shall be listed as a signatory and receiver of information on accounts held by Parish organizations.

#### ***Procedures***

- a) The required representative is the Pastor, since he is the juridic authority in the parish, but if the organizations are intimately or exclusively connected with the school, the Principal may also serve as an additional signatory.
- b) The parish representative need not be a signatory on all disbursements; that may be done by whomever the organization designates.
- c) The parish organization shall use the parish's tax identification number.

### §302 ANNUAL REPORTS

**302.1. Policy** Parish organization bank accounts shall be identified in the Parish Annual Report.

**302.2. Policy** An annual report shall be made to the Pastor based on the events that have taken place during the past year.

#### ***Procedures***

- a) This annual report shall include both the activities as well as the financial results of the parish organization.
- b) Since the organization has been formed for the purpose of serving the ministerial needs of the parish, fund raisers and other events which raise funds for this purpose shall be fully and properly accounted for in the annual report.



**§303 UNUSED FUNDS**

**303.1. *Policy*** Funds which remain in the accounts of a parish organization at the end of the year shall be used for the purposes for which they were raised.

***Procedures***

- a) To avoid excessive funds, the parish organization should transfer all but a minimum level of funds to the Pastor to support parish activities.
- b) Excessive funds are defined as more than the amount of funds needed to begin the next fiscal year's activities.

## **§400 AGENCY ACCOUNTS**

### **§401 GENERAL RULE**

**401.1. Policy** Unless otherwise approved by the Chancellor or the Director of Finance, offices and agencies shall not maintain individual bank accounts, if the control and direction of such accounts is vested with the agency.

### **§402 EXCEPTIONS**

**402.1. Policy** Where an office or agency is located at a distance from the Pastoral Center and/or where accounting processes are not handled through the Pastoral Center, and dollar volume of transactions are significant, consideration shall be given to establishment of depository accounts, transferable to the general Archdiocesan operating account.

**402.2. Policy** Where gift monies have been provided for a specifically identified and budgeted purpose of the office or agency, such monies shall be set up in a special account if the givers so desire, with the understanding that such monies shall be spent down to the extent necessary to defray the support costs of the budgeted activity for which the gift has been given.

## **§500 BOOKKEEPING AND FINANCIAL REPORTS**

### **§501 GENERAL BOOKKEEPING PRACTICES**

**501.1. Policy** All parishes, schools, and agencies of the Archdiocese shall be required to maintain a complete record of their financial transactions.

#### ***Procedures***

For parishes and schools, there is a manual bookkeeping system that has been prepared and available upon request from the Archdiocesan Pastoral Center. In addition, for those parishes and schools which utilize personal computers, there are four software programs (Quicken, Paluch, Ledger and PDS) supported by the Office of Information Technology that provides bookkeeping needs.

**501.2. Policy** At a minimum, parishes and schools shall have a general ledger, payroll register, accounts payable register and a cash receipts journal.

#### ***Procedures***

- a) It is recommended that a fixed asset inventory be maintained in parishes and schools.
- b) Parishes and schools should prepare bank reconciliations on a monthly basis.

**501.3. Policy** Parishes and schools shall maintain separate bookkeeping records.

### **§502 DISBURSEMENTS**

**502.1. Policy** All disbursements, including payroll, shall be made by checks (except for minimum petty cash payouts).

#### ***Procedures***

“Minimum” petty cash should be set locally, based on cash needs. It is suggested that the amount not exceed \$50.

### §503 PAYROLL DEDUCTIONS

**503.1. Policy** Payroll deductions from employer earnings, including appropriate payroll taxes, family health care, shared health care, tax deferred annuities, savings, etc., shall be used as intended and not for church or school operating or capital needs.

**503.2. Policy** Payroll Tax Deposits shall be made in accordance with Internal Revenue Regulations.

### §504 MISAPPROPRIATION OF FUNDS

**504.1. Policy** Misappropriation of funds, that is, the use of church or school funds for personal use, shall be prohibited. Misappropriation of funds shall be grounds for disciplinary action, including discharge as provided in §703. Guilty parties may be prosecuted criminally as well as civilly.

### §505 FINANCIAL REPORTS

#### §505.1. Annual Financial Report

**505.1. Policy** Parishes shall submit an annual Financial Report to the Archdiocesan Pastoral Center.

#### *Procedures*

- a) The Financial Report reflects the actual revenues and expenses, unpaid obligations, bank activities and statistical data of the parish for the fiscal year.
- b) Forms are provided by the Pastoral Center during the month of June and are to be returned to the Pastoral Center by the first week of August following fiscal year end (June 30).
- c) The financial information gathered is combined for all parishes and included in the overall Financial Report issued by the Archdiocese.

**§505.2. Annual Budget Report**

**505.2. Policy** Parishes shall submit an Annual Budget Report to the Archdiocesan Pastoral Center.

***Procedures***

- a) The Budget Report reflects the projected revenue and expense, capital and banking activities of the parish for the next fiscal year.
- b) Forms are provided by the Pastoral Center in January and are to be returned to the Pastoral Center by the first week in March.
- c) The budget information gathered is combined for all parishes and included in the overall Budget of the Archdiocese and submitted to the Finance Council of the Archdiocese for approval.

**§505.3. Quarterly Financial Report**

**505.3. Policy** Parishes shall submit a Quarterly Financial Report to the Archdiocesan Pastoral Center.

***Procedures***

- a) The Quarterly Financial Report is a one page financial summary of revenues and expenses for the year to date comparing actual to budget of the current fiscal year and to actual of the same period from the previous fiscal year.
- b) Forms are provided by the Pastoral Center quarterly and are to be returned to the Pastoral Center within 30 days from the end of the quarter.

## §600 CONTRACTS

*Parishes and agencies regularly enter into contracts of varying dollar amounts with a variety of individuals and companies. Such contracts can include leases for copiers and related maintenance contracts, contracts for janitorial services and contracts with amusement companies for carnivals. Most of these contracts have been drafted by the person or organization with which the parish or agency is contracting and, as a result, contain provisions that are not beneficial to the parish or agency. While the dollar amount of these contracts may not always be significant, these contracts can create liability and problems that are significant and that may not be anticipated at the time the contract is signed. Therefore, it is strongly recommended that the Office of Legal Services (“OLS”) review these contracts for a parish before they are signed. OLS can highlight provisions that may be problematic for the parish or agency and can negotiate changes to the contract on behalf of the parish with the individual or company that drafted it.*

### §601 CONTRACTS UNDER \$20,000

**601.1. Policy** All contracts under \$20,000 shall be signed by a Pastor, Principal or Agency Director unless appropriate written delegation is given by the Pastor, Principal or Agency Director.

### §602 CONTRACTS \$20,000 AND OVER

**602.1. Policy** All contracts \$20,000 and over shall be signed by a Pastor or Department Director and the Archdiocesan Director of Finance or the Chancellor. (See §2000 for contract requirements regarding the Parish Finance Committee.)

### §603 REVIEW OF CONTRACTS

**603.1. Policy** It is strongly recommended that all contracts, regardless of amount, be reviewed by the Office of Legal Services.

#### ***Procedures***

- a) Repetitive contracts (for example, service contracts regularly entered into by agencies such as Liturgy Training Publications or Food Service Professionals, and employment contracts like those for teachers and principals) once reviewed, need not be examined again unless substantive changes are present.

*§600 Capital Expenditures*

- b)** Contracts for a term of more than one year, leases, and construction contracts must use standard Archdiocesan forms., when available (For further information on leases, see Book V, §2502.3)
- c)** The Office of Legal Services will ensure that all contracts submitted for review are returned to the parish, agency, or school in a timely manner.

## §700 CAPITAL PROJECTS FOR PARISHES

*One of the greatest challenges facing pastors is the organization and administration of the parish. Particularly challenging is the maintenance, renovation, and occasional expansion of parish facilities. Because buildings are part of the “background” infrastructure of the parish, their presence and upkeep can often be taken for granted and become a low priority for funding. Therefore, it is critical that the pastor carefully oversee day-to-day operation and maintenance of the facilities and manage capital projects as they arise.*

### §701 APPROVAL REQUIREMENTS FOR CAPITAL IMPROVEMENT PROJECTS (CONSTRUCTION PROJECTS)

#### §701.1. General Procedures

**701.1. Policy** Pastors shall notify the Archdiocesan Director of Finance, the Manager of the Facilities & Construction Office, or the VAC of the need for a capital improvement project (construction project). Projects costing less than \$20,000 may be handled by the parish without notification unless such assistance is desired, however all projects must utilize the current form of the standard Archdiocesan contract.

#### ***Procedures***

- a) A “project” is the construction, renovation, purchase, demolition, or major repair of an enduring physical asset. Examples of a capital project include: building an addition on a school, tuckpointing a church, putting a new roof on a rectory, purchasing additional land for a parking lot, purchasing and installing a new church organ, upgrading electrical service in a convent, or renovating a church interior.
- b) If a parish conducts a single fundraising campaign to pay for a wide variety of work, that work shall be considered a single project. If the work has separate funding sources, involves separate general contractors, and is spread over a long time frame, the work shall be considered as multiple projects.
- c) It is not acceptable to break work into smaller projects solely to avoid the appropriate approval processes.



*§ 700 Capital Improvements*

- d) Once a pastor informs the Director of Finance or the Facilities & Construction Office of the need for a capital improvement project, the process for completing the project is guided by the following procedures, available from the Department of Finance:
- 1 (Policy on Construction Contracts (See §703 and §600))
  - 2 Construction Contract Award Procedure
  - 3 Capital Project Summary Form
- e) It is suggested that each parish's Finance Council establish a Buildings and Maintenance Subcommittee. Active lay leadership in this area is encouraged in order to provide support to the pastor.
- f) Pastoral Center agencies and personnel available for consultation and assistance with completing capital projects include the Department of Stewardship and Development, the Office for Divine Worship, Vicariate Administrative Consultants, the Office of Catholic Schools, the Office of Conciliation, and the Office of Information Technology.

**§701.2. Approval of Capital Improvement Projects Costing More than \$20,000**

**701.2. Policy** Approval of projects between of \$20,000 and \$100,000 shall be made on a case-by-case basis by the Director of Finance or, in the Director's absence, the Chancellor, in conjunction with the Pastor. Projects between \$100,000 and \$200,000 shall be approved by the Director of Finance or, in the Director's absence, the Chancellor as well as the Episcopal Vicar. Projects in excess of \$200,000 shall be approved by the Episcopal Vicar and the Archdiocesan Capital Projects Committee (comprised of the Director of Finance, the Chancellor, and the Vicar General).

**§701.3. Managing Capital Improvement Projects Costing More than \$20,000**

**701.3. Policy** Parishes shall follow a four-step process to manage capital projects when the estimated total amount of the work exceeds \$20,000. This four-step process shall include planning, approval of project design and financing, project execution, and project close-out (a final report) described below.

***Procedure***

The four-step process was designed for large capital projects, some of which can easily take four to five years from initial planning through fundraising and construction. For smaller projects, these four steps still serve as a valid checklist, but can be condensed in their implementation.

**§701.3.1 Step 1: Planning**

**701.3.1. Policy** The parish is responsible for recruiting and naming the project leader and the team overseeing the project. It is also the responsibility of the parish to select qualified vendors, including the architect and contractor.

***Procedures***

- a) Any planning should begin by defining objectives, analyzing requirements and identifying needs, developing alternatives (including resource requirements, risk and feasibility) and developing recommendations, including funding, initial budgets, and case statement.
- b) For larger projects, planning should also include the hiring of an architect to lead the parish in the formulation of a master plan; clear criteria should be established to select an architect as well as a contractor. Thorough checking of references is required. In choosing an architect and contractor, conflicts of interest are to be avoided. It is the responsibility of the parish team to select all architects and contractors.
- c) For larger projects, it is expected that the parish will consult with other Parishes in the Planning Cluster (if applicable), the appropriate Dean and Vicar, the Vicariate Administrative Consultant (VAC), the Department of Facilities and Construction, the Office of Divine Worship (if applicable), and the Development Department.
- d) It is the responsibility of the appropriate Episcopal Vicar to authorize the interview of architects to develop a master plan.

**§701.3.2. Step 2: Approval of project design and financing**

**701.3.2. Policy** Once appropriate consultations have been completed, the project shall be presented in a detailed plan to the Archdiocesan Capital Project Committee. This project plan must have the endorsement of the parish's Episcopal Vicar in cases where the contract is greater than \$100,000. (See §701.2)

***Procedures***

- a) Parishes are to initiate Step 2 by starting fundraising efforts for the project, preparing a detailed plan (including a budget and schedule), preparing schematic design, and engaging in liturgical formation and education for parishioners.

*§ 700 Capital Improvements*

- b) During the project design phase, the parish community is to be kept informed of the progress of the project, emphasizing the spiritual/liturgical nature of the project.
- c) As fund-raising progresses, parishes should review the size and scope of a project in order to stay within budget requirements.
- d) The project team should consult with and receive the necessary approvals from the Facilities and Construction Department. If the project involves or impacts a worship space, the project team shall also consult and receive approval from the Archdiocesan Commission on Church Art and Architecture.

**§701.3.3. Step 3: Project Execution**

**701.3.3 Policy** If project overruns which exceed the limits set during financing approval become evident, the project shall stop until corrective measures are agreed upon between the parish, the appropriate Episcopal Vicar, and the Archdiocesan Capital Project Committee.

***Procedures***

- a) During the Project Execution phase, parishes must sign all contracts in accordance with existing policies, approve payments, issue progress reports, and continue liturgical formation and education.
- b) For large projects, the Facilities and Construction Department must assign one person to attend weekly project meetings with the architect; general contractor and the parish to review project status and issues.
- c) Parishes should be aware that project overruns can stem from increases in costs or shortfalls in fundraising.

**§701.3.4. Step 4: Project close-out (Final Report)**

**701.3.4. Policy** A copy of the final report and project accounting shall be sent to the Archdiocesan Capital Project Committee and shall include sections describing total project revenue and expenditures versus budget, a review of the work product versus the project objective, and a commentary on key lessons learned.

## **§702 LIFE/SAFETY ISSUES**

**702.1. Policy** The Department of Financial Services shall be contacted immediately when projects involve "life/safety" issues.

### ***Procedures***

- a) "Life/Safety" issues are determined on a case-by-case basis by the Facilities and Construction Department and the Director of Finance.
- b) Examples of life/safety issues are: lack of a proper fire alarm system in a school, open electrical panels, improper wiring, improper gas ventilation in boiler rooms, no heat in the winter, loose material that may fall from the face of a building onto a pedestrian area, structural failure of building components, etc.

## **§703 FUNDING REQUIREMENTS FOR CAPITAL EXPENDITURES**

### **§703.1. Source of Funding**

**703.1. Policy** The cost of all capital expenditures shall come from a combination of parish savings, special parish fundraising efforts, capital grants and debt. Capital requirements deemed a "life/safety" issue by the Facilities and Construction staff, according to Policy 701.3, shall not be subject to the fund raising requirement due to the concern for life/safety issues. However, any amounts loaned to a parish or institution for such needs through a Capital Project or New Construction Loan shall be repaid.

### ***Procedures***

- a) The maximum loan amount to be approved is predicated on the ability of the Parish to repay the loan over a reasonable period of time without endangering the ministry of the parish.
- a) The repayment schedule for a Capital Project or New Construction Loan is based on the total parish revenues and the amount of the loan.
- b) Parishes and agencies may not borrow money from any third-party person or institution. All loans must be arranged through the Director of Finance. This prohibition extends to prohibiting parishes from incurring interest or finance charges through the use of credit cards.

*§ 700 Capital Improvements*

- c) If a loan is used to finance a project larger than \$200,000, the amount of debt and the terms of the loan (including repayment period, interest rate, and monthly payments) shall be set by the Archdiocesan Capital Projects Committee as part of the project review with the parish. In the case of projects under \$200,000, the terms will be set by the Director of Finance, after receiving the recommendations of the VAC and Treasurer.
- d) Parishes should obtain additional loan procedures from the Department of Finance.

**§703.2. Percentage of Funding Required**

**703.2. Policy** In order to minimize the total financing charges associated with a project and to ensure the project can be completed with minimal impact on the ministry of the parish, 90% of a project's cost (in the form of fundraising, grants, or savings balances) must be pledged before actual work on a project may begin. Of the project's total cost, 67% must represent cash on deposit with the Pastoral Center.

***Procedures***

- a) Exceptions predicated on §703.1. (a) may be approved by the Capital Projects Committee.
- b) To the extent savings are involved, the funds will be segregated in capital account(s) in the parish's name in the Archdiocesan Bank.

## §704 CONSTRUCTION CONTRACTS

*§704 pertains to all construction contracts at the Archdiocese of Chicago, including new construction, major repairs, purchases of HVAC and similar equipment and major maintenance of Archdiocesan buildings. Construction, repairs and maintenance that are undertaken by the parish's or the institution's own employees are not subject to these policies.*

*Contracts shall be used for all jobs, even those under \$20,000, in order to ensure that performance and liability are properly attributed.*

### §704.1. Construction Contracts Under \$20,000

**704.1. Policy** Construction contracts under \$20,000 shall be signed by the Pastor. (see Policy 601.1.)

### §704.2. Construction Contracts \$20,000 and Over

**704.2. Policy** Construction contracts \$20,000 and over shall be signed by the Pastor and the Director of Finance, or, in the Director's absence, the Chancellor. (see Policy 602.1.)

### §704.3. Promotion of Rights of Workers

**704.3.1. Policy** To the extent that unions in the Chicago area seek to guarantee rights including just compensation, medical insurance, disability insurance, workers' compensation, and safe working conditions, the Archdiocese shall support them. Accordingly, in normal circumstances, union contractors shall be used. To the extent that other contractors provide similar wages and benefits as those mentioned above, such contractors shall not be excluded from consideration, except as noted in Policy 704.3..

**704.3.2. Policy** When the interest and needs of the parish or institution clearly point to the need of making exceptions to Policy 704.3.1, the policy on dispensations from policy shall be used. (See §400, Book I) Such dispensation shall be exercised, however, in light of the Church's teaching on labor, the premise upon which the policy is based.

#### **Procedure**

Situations that warrant exception to §704.3.1. must be documented in writing as part of the project approval process described in §701. Rationale for an exception to §704.3.1. must be clearly articulated in the project proposal.

**704.3.3. Policy** For projects over \$300,000, all contracts shall be union contracts.

**§705 USE OF VOLUNTEERS**

**705.1. Policy** No parish shall use volunteers to perform hazardous activities, including, but not limited to, the climbing of ladders and scaffolds, performing trade work (e.g. electrical, structural renovations, roofing work, etc.) or any other service that may place the volunteer, parishioners, or the physical property of the Archdiocese of Chicago in harm's way.

**Procedure**

Parishes shall use qualified, approved contractors for hazardous activities, utilizing the established *Contract for Construction Services* available from the Department of Facilities and Construction.

**§706 EQUAL OPPORTUNITY**

**706.1. Policy** The Archdiocese of Chicago shall support the principle of equal opportunity without regard to race, national origin, or gender through its choice of vendors and contractors.

## **§800 ARCHDIOCESAN FACILITIES, LIQUOR LICENSES, AND GAMBLING**

### **§801 RENTAL OF PARISH FACILITIES TO OUTSIDE INDIVIDUALS AND GROUPS**

#### **§801.1. General Policy**

**801.1. Policy** The facilities of the Archdiocese of Chicago may be made available to individuals and groups whose principles and practices are not in conflict with the teachings and practices of the Roman Catholic Church and the policies of the Archdiocese of Chicago.

#### **§801.2. License and Insurance Requirements**

**801.2.1. Policy** If a parish, school or agency rents its gym, hall, or other parish facility to an individual or group for an event, it shall require the individual or group to sign an insurance and hold harmless agreement and shall provide it with a certificate of insurance naming the Catholic Bishop of Chicago, A Corporation Sole and the parish, school or agency as additional insurees.

##### ***Procedures***

- a) A copy of the hold harmless and insurance agreement which must be signed can be found in the Parish Reference Manual.
- b) The signed agreement and certificate of insurance should be given to the parish before the parish permits the event, for which the individual or group has rented the facility, to go forward.

**801.2.2. Policy** There shall be minimum acceptable coverage for liability limits from an individual or group renting a parish facility.

##### ***Procedures***

The minimum acceptable coverage for liability limits from an individual who is renting a parish facility is \$500,000. For a group or organization, the minimum coverage for liability limits is \$1,000,000.



**801.2.3. Policy** If alcohol is going to be sold or served at the event, the group must obtain a liquor license for the event.

**Procedures**

- a) Liquor is sold at an event whether through a flat fee at the door to enter the event or on a per drink basis once inside the event.
- b) The Illinois Liquor Control Act prohibits the issuance of a liquor license for the sale of liquor at a location within 100 feet of a church or school, unless the applicant for the license is a church or school. Therefore, parishes should generally be unwilling to rent a parish facility to an individual or group planning to sell liquor, unless they have a liquor license.
- c) If an individual or group is able to obtain a liquor license, the parish should ask to see the liquor license before it permits the event to go forward and make a copy of the license for its files.

**801.2.4. Policy** If liquor is going to be sold or served at the event, the individual or group shall have the necessary dram shop liability insurance.

**Procedures**

The certificate of insurance (Policy 801.2.1.) must evidence dram shop insurance coverage.

**§801.3. Rental to Student Groups and Gambling**

**§801.3.1. Rental to Student Groups**

*Colleges and universities for the most part prohibit the selling and serving of alcohol at student events on campus grounds. Therefore, student groups may attempt to rent parish facilities to host parties at which liquor is served.*

**801.3.1. Policy** A parish shall not rent facilities to college and university student groups which are planning to serve liquor.

**§801.3.2. Rental to Groups and Gambling**

**801.3.2. Policy** A parish shall not rent parish property to an individual or group who plans to allow any type of gambling, including bingo, on the property.

## §802 LIQUOR LICENSES

*The State of Illinois has mandated that anyone who sells or serves liquor in the State of Illinois is required to have a liquor license. Pursuant to the Illinois Liquor Control Act, liquor is sold as long as a parish charges a fee to attend the event, even if it does not charge a fee for each drink once inside the event.*

**802.1. Policy** If a parish, school or agency wishes to sell or serve liquor at an event, it shall obtain a liquor license.

### ***Procedures***

- a) **Retailer's Liquor License** If a parish, school or agency wishes to sell liquor at an event which it hosts on a regular basis throughout the year, it should try to obtain a retailer's liquor license. A retailer's liquor license permits the licensee to sell alcohol, liquor, wine, and beer for consumption at the location specified in the license for a period of one year after issuance of the license. If the parish can not obtain a retailer's liquor license, it must obtain a special event liquor license.
- b) Parishes in the City of Chicago cannot obtain a retailer's liquor license because the City will not approve applications for such licenses. These parishes must obtain special event liquor licenses.
- c) **Special Event License** A parish, school or agency must obtain a special event liquor license to purchase and sell beer and wine for consumption at a special event (not an event that occurs annually or periodically every year).
- d) A parish, school or agency may sell liquor other than beer and wine at an event for which a special event liquor license has been issued, if the city or municipality where the parish is located permits such conduct.
- e) In order to obtain a special event or retailer's liquor license from the State of Illinois, a parish must first obtain approval for the sale of liquor from the city or municipality where it is located.
- f) Applications and instructions for a special event or retailer's liquor license can be obtained by calling the Illinois Liquor Control Commission. (Refer to *Legal Aspects of Parish Operations* for more information and sample forms.)
- g) A completed application with the necessary supporting documents, which include the approval or permit from the local municipality and a copy of the Archdiocesan dram shop insurance certificate, must be submitted to the State of Illinois Liquor Control Commission with the appropriate license fee.

§800 *Archdiocesan Facilities*

- h) If a parish sponsors several events throughout the year, it can apply for all of its special event licenses at one time.
- i) Parishes should apply for the liquor licenses they need at least 45-60 days in advance of the event for which they need the license.

**802.2.** Alcohol shall be served only to people of legal drinking age.

**§803 LICENSES FOR OUTDOOR CARNIVALS, FESTIVALS AND OTHER EVENTS**

**803.1. Policy** If a parish, school or agency plans to host an outdoor festival, street fair, or carnival, it must check with its local municipality about the license requirements and if such requirements exist, obtain the necessary license.

***Procedure***

- a) Applications and instructions can be obtained from the local municipality.
- b) The application process should be started at least two months before the event is to take place.

**§804 CHARITABLE GAMES LICENSES**

**804.1. Policy** If a parish, school or agency wishes to host an event at which gambling will be conducted, it shall obtain a charitable games license.

***Procedures***

- a) Applications and instructions for charitable games licenses and the Charitable Games Act Rules booklet can be obtained by contacting the Illinois Department of Revenue's Office of Bingo and Charitable Games. (Refer to *Legal Aspects of Parish Operations* for more information and sample forms.)
- b) A charitable games license issued to one parish may not be used by another parish.

## **§805 BINGO LICENSE**

**805.1. Policy** Any parish, school or agency that sponsors bingo games shall obtain a bingo license.

### ***Procedures***

- a) An application for a bingo license can be obtained by contacting the Illinois Department of Revenue.
- b) A bingo license does not enable a parish, school or agency possessing the license to conduct other charitable games. Conversely, a charitable games license does not permit a parish, school or agency to conduct bingo games.
- c) A bingo license issued to one parish may not be used by another parish.

## **§806 RAFFLE LICENSES**

**806.1. Policy** Any parish, school or agency which conducts a raffle shall obtain a raffle license.

### ***Procedures***

- a) Raffle licenses are issued by local municipalities.
- b) A parish, school or agency must contact its local municipality to determine if the municipality permits raffles to be conducted. It will then have to follow the municipalities licensing requirements. (Refer to *Legal Aspects of Parish Operations* for more information and sample forms.)

### ***Note***

Federal law prohibits the distribution of raffle tickets through the U.S. mail.

## §807 PULL TAB LICENSES

**807.1. Policy** Any parish, school or agency which conducts a pull tab operation shall obtain a pull tab license.

### *Procedures*

- a) Pull tab licenses are issued by the State of Illinois' Department of Revenue. Applications and rule booklets are available from the Department of Revenue. (Refer to *Legal Aspects of Parish Operations* for more information and sample forms.)
- b) If an organization wishes to conduct a pull tab event during a charitable games event for which it has obtained a charitable games license, it need not obtain a separate pull tab license for the pull tab event. However, the rules discussed below regarding the amount of a chance and the maximum prizes to be awarded still apply.
- c) If an organization wishes to conduct a pull tab event during a bingo event for which the organization has obtained a bingo license, the organization must obtain a pull tab license for the pull tab event.
- d) Pull tab events can generally only be held on the premises or at the principal place of business of the organization applying for the license. However, an organization can conduct a pull tab event at another location if the pull tab event is being conducted in conjunction with a bingo event at the other location by the organization or if the Illinois Department of Revenue issues a special permit to the organization to conduct a single pull tab event at another location.
- e) An organization can apply for either a regular or limited pull tab license.
  - 1) A regular license permits the organization to conduct a year-round pull-tab operation.
  - 2) A limited pull tab license allows an organization to conduct up to two pull tab events during the year for a maximum of five consecutive days per event. An organization may not obtain more than two limited pull tab licenses per year.
- f) An organization must set up and maintain a separate checking account for its pull tab operations. All of its gross proceeds from pull tab sales, less cash returned to winners, must be deposited into this account.

- g) Regardless of the type of license obtained, a pull tab license holder may not charge more than \$1.00 for a chance and may not sell more than 4,000 tickets per game. The maximum amount for a single prize in a pull tab activity is \$250.00 and no more than \$2,250 can be awarded to all winners in a single day.
- h) If a parish has a pull tab license, an organization within the parish, for example, a Women's Club, can apply for its own license. To be eligible, however, the organization must have been in existence and operational for at least five years. The five year requirement may be reduced to two years if the local organization is affiliated with a national organization that has been in existence for the past five years.

## **§808 GAMBLING TAXES**

**808.1. Policy** Parishes, schools and agencies conducting gambling events shall report income and pay taxes on income from these events, to the extent required by law.

### ***Procedures***

Refer to the Parish Reference Manual for information on taxes for charitable games, bingo, raffles and pull tab operations. (Refer to *Legal Aspects of Parish Operations* for more information and sample forms.)

## **§809 SALES TAXES**

**809.1. Policy** If a parish, school or agency sells food and/or liquor at gambling events or other regular events, it shall file sales tax returns and pay sales tax on any profits earned from the sale of food or liquor.

### ***Procedures***

- a) A parish must have a Retailers' Occupation Tax registration number for sales tax purposes.
- b) The Illinois Department of Revenue Form NUC-1 must be completed in order to obtain a Retailers' Occupation Tax registration number. (Refer to *Legal Aspects of Parish Operations* for more information and sample forms.)

## §810 CHICAGO SOFT DRINK TAX

<p><b>810.1. <i>Policy</i></b> Parishes in the City of Chicago shall comply with the Chicago Soft Drink Tax.</p>
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### ***Procedures***

- a) The City of Chicago passed an ordinance which requires all organizations or persons engaged in the business of selling soft drinks other than fountain drinks at retail in the City of Chicago to collect a tax on the gross receipts from those sales.
- b) For parishes in Chicago, this means that canned pop sold at bingo, athletic events, carnivals, bazaars, Las Vegas nights or any other similar events is subject to a Soft Drink Tax on the gross receipts.
- c) Contact Financial Operations at the Pastoral Center for more information, and see the Archdiocese of Chicago *Reference Manual*.

## **§900 WITHHOLDING TAXES AND REPORTING REQUIREMENTS FOR GAMBLING WINNINGS**

*The Internal Revenue Service has established very specific record keeping and reporting regulations with which tax-exempt organizations must comply regarding Casino Nights, Raffles, and Bingo. The penalties for failure to comply with these regulations are severe. These policies and procedures apply to all parishes, schools, and agencies of the Archdiocese of Chicago engaged in this type of fundraising.*

### **§901 WITHHOLDING REQUIREMENTS**

**901.1. Policy** Any parish, school or agency making a payment of winnings subject to withholding tax shall deduct and withhold taxes from the payment.

#### ***Procedure***

Parishes, schools and agencies should refer to the Pastor's Reference Manual for procedures regarding withholding requirements.

### **§902 REPORTING REQUIREMENTS**

**902.1. Policy** Any parish, school or agency making a payment of winnings subject to reporting requirements shall prepare and file the necessary reports with the federal government and provide the recipient of the winnings with the necessary income reporting form.

#### ***Procedures***

Parishes, schools and agencies should refer to the Pastor's Reference Manual for procedures regarding filing and reporting requirements.

#### **Note**

Any organization required to collect and remit any tax shall be liable for a penalty equal to the amount of the tax evaded, not collected, or not accounted for and remitted.

There are also penalties for failure to file information returns (1099 Miscellaneous), failure to furnish the winner's signed declaration (W-2G), and submitting incorrect or incomplete information.



## **§1000 SALES TAX EXEMPTION**

*The Archdiocese of Chicago is organized and operated exclusively for religious purposes, and therefore, Archdiocesan parishes, schools and agencies are exempt from paying Illinois sales taxes when purchasing tangible personal property for organizational use. If an Archdiocesan agency hires someone to perform work for organizational purposes, materials which are purchased and used in connection with that work are also tax-exempt.*

**1001.1. Policy** The Archdiocese of Chicago is organized and operated exclusively for religious purposes. Consequently, sales of any kind to the Archdiocese are exempt from the Retailers' Occupation Tax, the Service Occupation Tax (both state and local), and the Use Tax and Service Use Tax in Illinois.

### ***Procedures***

To claim the exemption, the parish, school or agency must provide the tax exemption identification number to its suppliers when purchasing tangible personal property for organizational use.

### ***Note Regarding Public Utilities Tax***

The tax-exemption letter issued by the Illinois Department of Revenue may not be used to claim exemption from public utilities tax, state or local.

**1001.2. Policy** The Archdiocesan tax exempt identification number shall not be used by anyone in order to purchase tangible personal property for personal use.

### **Special Note:**

Use of the number for personal purposes exposes both the individual and the Archdiocese of Chicago to serious legal ramifications. An individual who misuses the tax exempt identification number is subject to criminal prosecution and may be required to pay fines and penalties for the misuse of the number. The tax exempt status of the Archdiocese of Chicago may also be jeopardized by an individual's misuse of the number if an Archdiocesan agency is found to have knowingly allowed the misuse of the tax exempt identification number. Pastors and agency directors must therefore exercise caution to ensure that the tax exempt identification number is used only for charitable, religious or educational purposes.

## **§1100 SALES TAX COLLECTION AND REMITTANCE**

*Parishes are engaged in various activities where products such as candy, T-shirts, athletic uniforms, books, etc. are sold throughout the year. In many instances the sale of products such as these are subject to sales tax and as a result must be collected and remitted to the Illinois Department of Revenue.*

**1101.1. Policy** The Archdiocese of Chicago shall comply with Illinois Administrative Code Section 130.2005, which mandates that charitable, religious, and educational organizations shall incur retailer's Occupation Tax liability (sales tax) when the organization engages in selling tangible personal property at retail except in:

- (1)** Sales made to members,
- (2)** Non-competitive sales, and
- (3)** Occasional dinners and similar activities

### ***Procedures***

#### **a) Sales Made to Members**

- 1)** Examples of sales that come under this exemption are sales of uniforms, insignia, and scouting equipment by scouting members. Sales of bibles by a church to its members and sales of choir robes by a church to the members of the church's choir also fall under this exemption. However, if the selling organization is engaged in selling any of these items at retail to the public, then sales tax would be required to be collected.
- 2)** The selling of school books and school supplies by schools at retail to students are not deemed to be "primary for the purpose of the school" which does the selling. As a result schools would incur sales tax when they engage in selling school books or school supplies at retail to their students or to others. Book fees that in-fact represent the rental of books are not subject to sales tax.

#### **b) Non-Competitive Sales**

- 1)** Sales that can be said as to not being competitive with business establishments would not be subject to sales tax.
- 2)** The Attorney General has laid down the following tests to determine whether such selling is non-competitive:
  - A)** The transactions are conducted by members and not by any franchisee or licensee.
  - B)** All the proceeds go to the charitable, religious or educational organization.

- C) The transaction is not a continuing one, but rather held either annually or a reasonable small number of times within a year.
  - D) The reasonably ascertainable dominant motive of the exchange or sale was that of making a charitable contribution.
  - E) The nature of the particular item being sold. For example - The sale of candy as opposed to the sale of refrigerators.
- 3) Examples of exempt sales are the infrequent sales of cookies, donuts, candy, calendars, Christmas trees, etc. by various charitable, religious, and educational organizations.
  - 4) Even if the sale to the public occurs only once a year, if it can be determined that the purpose of this sale was not for the making of a donation, but rather for the selling of property, sales tax would be required to be withheld. The dominant motive must be that the intent of the individual was to make a donation, not to acquire the property.
- c) Occasional Dinners and Similar Activities
- 1) This exception extends to occasional dinners, ice cream socials, fun fairs, carnivals, rummage sales, bazaars, bake sales etc. which are conducted exclusively by charitable, religious, or educational organizations.
  - 2) For purposes of this exception, "occasional" means not more than twice in any given one year period. Charitable or religious organizations do incur sales tax liability on the retail selling which they do in the course of operating gift shops and resale rummage stores.
  - 3) Regarding the sale of meals, charitable, religious and educational organizations would incur sales tax liability on the receipts from sales of meals to the public, unless such selling is done only occasionally, that is not more than twice in any one year period.
    - A) However, the organization does not incur sales tax liability on its receipt from the sale of meals, if the following conditions are met:
      - i) The profits, if any, are used for charitable, religious or educational purposes.
      - ii) The meals are confined to the members of the organization and their guests and are not open to the public.
      - iii) The serving of the meals is connected to some organizational function.
    - B) Under the circumstances just described, even if this type of selling of meals is done rather frequently, it is still exempt from sales tax because it falls into the category of sales to members "primarily for the purposes of a charitable, religious, or educational organization."

- 4) Sales by schools incur some special problems and are identified as follows:
- A) A school does not incur sales tax on its operation of a cafeteria or other dining facility which is conducted on the schools premises and which is confined to selling to the students and employees of the school. If however, the dining facilities are opened up for use to people other than students or employees of the school, then those sales would be subject to sales tax.
  - B) As indicated previously, a school does incur sales tax liability when selling school books and school supplies to its students, however, schools are not taxable on the sale of school “year books” because these are considered to be non competitive items.
  - C) Schools do incur sales tax liability when they sell sweaters, sweatshirts, gym shoes, jackets and other items of clothing to students and others for use.
  - D) Schools do incur sales tax liability when they sell soft drinks, candy, peanuts, popcorn, chewing gum, etc. to students or members of the public for use or consumption, where these items are sold at a school book store through vending machines or otherwise than in a restricted school cafeteria as part of the selection which the student has in buying meals. However, the proceeds from the sale of tangible personal property by school sponsored student organizations affiliated with a elementary or secondary school are exempt from sales tax.
- d) One exception to all of the above has to do with the Charitable Games Act. If the parish sells refreshments or any other items at a charitable games event such as Bingo, Las Vegas Nights, etc. it must collect and pay sales tax to the State of Illinois. This is true even though the parish sells such items on a few occasions a year; that is, more than twice in a one year period.
- e) If an activity falls into one of the categories listed above requiring collection and remittance of sales tax, the parish can obtain the registration and return forms by calling the Illinois Department of Revenue.

## §1200 PRIEST TAXES

### §1201 PRIEST SELF-EMPLOYMENT TAX REIMBURSEMENT

*Cardinal Bernardin established the policy of "cost sharing" the Social Security Self-Employment Tax for all diocesan priests participating in the Social Security Program. The intent of the policy is to provide partial reimbursement for the Social Security taxes paid by a participating priest related to the income earned from his Archdiocesan assignment. This partial reimbursement would be paid by the parish and/or agency where the priest is paid.*

**1201.1. Policy** The Archdiocese of Chicago shall reimburse participating priests for one-half (1/2) of the Social Security tax incurred by a priest due to his Archdiocesan assignment.

#### **Procedures**

- a) The full amount of the tax is listed on the appropriate line of Schedule SE of the priest's income tax return.
- b) After the priest has completed his personal tax return for the previous year, he must submit a copy of the Schedule SE from his personal tax return to the parish, agency, or department.
- c) The reimbursement by the parish, agency, or department shall be made timely so that the priest will have the funds to pay the tax (if this tax was not paid quarterly on an estimated basis).
- d) For those priests who work for agencies not under the control of the Catholic Bishop of Chicago and do not have social security withheld from their check because of their self-employed status, the reimbursement will be made by the Pastoral Center.

#### **Note**

The reimbursement received by the priest is additional compensation and is taxable income for income tax purposes. This should be reported on the W-2 Form where the priest's regular compensation is reported.

### §1202 FILING TAX INFORMATION FOR PRIESTS

**1202.1. Policy** All parishes, schools, offices and agencies which pay diocesan priests shall file a W-2 Form at the end of the calendar year.

## **§1300 CHARITABLE GIFTS AND QUID PRO QUO CONTRIBUTIONS**

### **§1301 SUBSTANTIATION OF CHARITABLE CONTRIBUTIONS IN EXCESS OF \$250**

*§170 of the Internal Revenue Code provides that no deduction shall be allowed to a taxpayer for a separate charitable contribution of \$250 or more unless they have written substantiation from the charitable organization (which would be the parish or school in this case). Taxpayers may no longer rely on a canceled check for substantiation of a contribution of \$250 or more.*

*The new substantiation rules do not impose any obligation on the parish/school. This regulation requires the parishioner or any donor to request the substantiation acknowledgment from the parish/school.*

*The parish/school is not obligated to provide a substantiation acknowledgment to the donor, but by refusing to provide the acknowledgment, the parish/school may alienate its parishioners or other donors.*

<p><b>1301.1. Policy</b> The Archdiocese of Chicago shall comply with applicable provisions of Section 170 of the Internal Revenue Code.</p>
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#### ***Procedures***

- a) Although a written acknowledgment need not be made in any particular form, it must contain the following information:
  - 1. The amount of cash contributed or a description (not a valuation) of contributed property other than cash.
  - 2. An indication whether the parish/school provided any goods or services in exchange for the gift.
  - 3. A description and good faith estimate of the value of any goods or services provided by the parish/school in exchange for the gift.
  - 4. A statement that such goods and services consist solely of intangible religious benefits (such as admission to a religious ceremony).
- b) If the parish/school provided no goods or services to the taxpayer in consideration of his contribution, the parish/school must include a statement to that effect.
- c) Separate payments, such as weekly contributions will be treated as separate contributions and shall not be aggregated for the purposes of applying the \$250.00 threshold.

**§1302 DISCLOSURE REQUIREMENTS FOR QUID PRO QUO CONTRIBUTIONS IN EXCESS OF \$75**

**1302.1. Policy** A parish/school which receives a contribution in excess of \$75.00, where the payment is made partly as a contribution and partly in consideration for goods or services provided to the taxpayer, shall provide a written statement to the donor that identifies the value of the goods or service. This acknowledgment shall be provided at the time the donation is made or by the date of the event.

***Example***

For example, a fund raising dinner at a local hotel where the donation is \$100.00 and the cost of the dinner is \$40.00. A written statement must be given to the donor indicating that \$60.00 of his \$100.00 is tax deductible.

**Note**

Parishes/schools which do not provide written acknowledgment are subject to penalties of \$10/Contribution to a maximum of \$5,000.00.

## **§1400 TUITION VERSUS CHARITABLE CONTRIBUTION**

**1401.1. Policy** The Archdiocese of Chicago shall comply with Revenue Ruling 83-104 in determining whether a payment to a private school is deductible as a charitable contribution.

### ***Procedures***

- a) To be deductible as a charitable contribution, the payment to a private school must be a voluntary transfer made without any expectation of procuring a financial benefit. Admission to the school cannot be contingent upon the making of the payment, nor can the payment be made pursuant to a plan to convert nondeductible tuition into charitable contributions.
  
- b) Revenue Ruling 83-104 lists four factors, the presence of one or more of which creates a presumption that the payment is not a charitable contribution:
  - 1) a contract under which the taxpayer agrees to make a "contribution" and the taxpayer's child is admitted to the school;
  - 2) a plan allowing the taxpayer either to pay tuition or to make "contributions";
  - 3) the designation of a contribution for the direct benefit of a particular individual;
  - 4) the otherwise unexplained denial of admission or readmission to a school of children of taxpayers who are financially able to contribute, but who do not contribute.
  
- c) In addition, the ruling states that a combination of the following factors may indicate that a payment is not a charitable contribution:
  - 1) the absence of a significant tuition charge;
  - 2) substantial or unusual pressure to contribute applied to parents of children attending a school;
  - 3) contribution appeals made as part of the admission or enrollment process;
  - 4) the absence of major potential sources of revenue for operating the school other than contributions by parents of students;
  - 5) other factors suggesting that a contribution policy has been created to avoid characterizing the payments as tuition.



## §1500 GIFTS OF FINANCIAL INSTRUMENTS

### §1501 SALE OF FINANCIAL INSTRUMENTS

**1501.1. Policy** A parish, school or agency which receives stock, shares in mutual funds or other financial instruments shall not sell such financial instruments without previous consultation with the Archdiocesan Parish Operation's Office. The Parish Operation's Office shall assist parishes, schools and agencies in the sale of stock, mutual funds and other financial instruments.

#### *Procedures*

- a) Parishes, schools and agencies should contact the Archdiocesan Parish Operation's Office upon learning of a gift of stock, mutual funds, or other financial instrument.
- b) The Archdiocese does not recommend holding gifts in the form of stock, mutual funds, or other financial instruments. Therefore, the Parish Operation's Office will immediately move to sell any stock, mutual fund, or financial instrument upon receipt. The parish, school, or agency is then free to apply the proceeds according to the terms of the gift and other Archdiocesan policies and procedures. (See §200 and §2200, Book V)

### §1502 DISPOSITION OF STOCK CERTIFICATES

**1502.1. Policy** The Parish Operation's Office of the Archdiocese of Chicago shall assist parishes and agencies in the sale of stock certificates received as donations.

#### *Procedures*

- a) The stock certificate or a stock power must be signed by the donor. If more than one owner is listed on the certificate, all owners must sign the certificate or stock power.
- b) If one or more owners on the certificate is deceased, or the certificate is recorded with a Custodian, the Parish Operation's Office will direct the parish or agency on the proper procedure to be followed.
- c) If the donor signs the certificate over to the parish or agency, the donor should sign and date the stock certificate or stock power to the **Catholic Bishop of Chicago for the benefit of (Name of Parish)/(Name of Agency).**

- d) The appropriate documents should be forwarded to the Parish Operation's Office by registered mail. A letter should accompany the certificate informing the Parish Operation's Office of the disposition of the proceeds.
- e) The proceeds from the sale of a stock certificate may be issued as a check to the parish or agency, deposited into a parish savings account, applied to a loan payment, or applied against outstanding receivables.

**1502.2. Policy** The date of the donation of a stock certificate shall determine the donation amount.

### **§1503 WIRE TRANSFER OF STOCK**

**1503.1. Policy** The Wire Transfer method transfers shares of stock from the donor's broker to the broker of the Archdiocese. Parishes or agencies that wish to use this method shall have the individual donor, or the donor's broker, contact the Parish Operation's Office at the Pastoral Center.

#### ***Procedures***

- a) The donor or donor's broker should inform the Parish Operation's Office of the number of shares, the type of stock, and the individual parish or agency that is to receive the proceeds.
- b) Information required to make a wire transfer of funds will be given by the Parish Operation's Office to the donor or the donor's broker.

**1503.2. Policy** The donation amount for a wire transfer of stock is determined by the date the stock is deposited into the account of the Archdiocese.

## **§1600 PARISH SAVINGS AND LOANS AND PROCEEDS FROM PROPERTY SALES FOR CLOSING OR CONSOLIDATING PARISHES**

### **§1601 CLOSING PARISHES**

*In a closure, the parish ceases to exist.*

**1601.1. Policy** When a parish closes, any savings shall revert to the Archdiocese of Chicago Endowment Fund.

***Procedure***

This includes the operating bank accounts, savings accounts at commercial banks or savings and loan associations, and funds on deposit with the Archdiocesan Bank.

**1601.2. Policy** Obligations of the parish, including amounts owed to the Pastoral Center, commercial creditors, employees and/or federal and state government entities, shall become the responsibility of the Pastoral Center.

**1601.3. Policy** Income from leasing of facilities shall revert to the benefit of the Pastoral Center.

**1601.4. Policy** Parish property shall become the responsibility of the Pastoral Center.

***Procedure***

This would include the payment of utility bills, maintenance and janitorial services, security and other continuing costs of the facility.

**1601.5. Policy** If the parish facilities are sold, the proceeds shall be used to liquidate all parish debts and loans. If there are remaining funds, the balance shall revert to the Archdiocese of Chicago Endowment Fund.

**1601.6. Policy** If the parish facilities are to be demolished, the cost shall be the responsibility of the Pastoral Center.

§1600 *Parish Savings and Loans and Proceeds from Property Sales for Closing or Consolidating Parishes*

**§1602 CONSOLIDATING PARISHES**

*In a consolidation, the parishes will cease to exist and a new parish is formed.*

**1602.1. Policy** For consolidating parishes, §1601 shall apply.

**§1602.2. Policy** To the extent unusual or special circumstances exist, a deviation from these policies may be made based on a review by the Vicar, Dean, Chancellor, and Director of Finance.

***Procedure***

Such circumstances may include, but are not limited to, the need for capital improvements in the parish facilities, short-term financial assistance with Church or School operating expenses, or similar situations.

**§1603 MERGING PARISHES**

*In a merger, one parish remains intact and retains its identity, but the other parish ceases to exist.*

**1603.1. Policy** Merged parishes shall retain their original identity and shall continue as is with a merging of loan/deposit balances as well as billings from the Pastoral Center.

## § 1700 BEQUESTS

*When the faithful remember parish and agencies in their wills and living trusts, the bequest language occasionally requests that Masses be said for the deceased and/or the family of the deceased. Frequently, the bequest wording is ambiguous as to whether the entire bequest is restricted to Masses or if the deceased's primary intention was that the parish or agency receive the funds without restriction. Determining the donor's intent become especially significant if the amount of the bequest is so large that the parish is unable to satisfy the Mass intentions within one year, as is required by canon law. The Office of the Chancellor helps to ensure that funds from such bequests are used in accordance with the deceased's intent and canon law.*

*Most estates and trusts pass smoothly through the administration process. It is helpful, however, to have the Office of Stewardship and Development monitor this process with parishes and/or agencies to spot the occasional irregularity (e.g. excessive fees charged by the executor or attorney for the estate). The Office of Stewardship and Development and the Office of Legal Services can assist parishes in determining what action to take when problems arise.*

### §1701 BEQUESTS FOR MASSES

#### §1701.1. Interpretation of Language

**1701.1. Policy** The language of bequests in wills with unclear language shall be studied by the Chancellor's Office for an interpretation of the intention of the donor.

#### **Procedure**

- a) A copy of the bequest must be submitted to the Chancellor.
- b) The Office of the Chancellor may consult with the Office of Legal Services as needed in interpreting such bequests.

#### §1701.2. Intention of Donor to be Honored

**1701.2. Policy** If it is clear from the language of the bequest that the intention of the donor is that the money be used for Masses, the money shall not be used for any other purpose.

**§1701.3. No Mass Obligations Beyond One Year**

**1701.3. Policy** It shall not be permitted to accept an offer of Mass intentions which cannot be satisfied within one year. (Canon 953).

***Procedure***

If there is a provision in the bequest for perpetual Masses, the recipient parish or institution must notify the executor that this particular aspect of the bequest can not be honored because of provisions of canon law.

**§1701.4. Distribution of Intentions**

**1701.4. Policy** Those Mass intentions which cannot be requited at the parish shall be transferred to the Chancery stipend account for distribution to priests and parishes of the Archdiocese in need of Mass offerings.

***Procedures***

The Office of Stewardship and Development shall consult with the pastor and the Office for Canonical Services in determining how the Mass intentions are to be requited in accord with canon law.

**§1701.5. Communication with the Executor**

**1701.5. Policy** A parish or institution which is the recipient of the bequest for Masses shall indicate to the executor of the estate that it is willing to accept the bequest.

**§1701.6. Parish Stipend Amount in Effect**

**1701.6. Policy** The parish or institution shall schedule as many of the Mass intentions as it is able to requite within one year. Masses shall be celebrated at the stipend in effect as determined by the bishops of Illinois for the Province of Chicago, unless a contrary intent is clearly stated by the donor.

## **§1702 BEQUESTS OTHER THAN MASSES**

### **§1702.1. Notification of Archdiocese**

**§1702.1. Policy** When parishes, schools or agencies are notified that a bequest from a will or trust is imminent, the parish, school or agency shall contact the Office of Stewardship and Development for assistance in processing the gift.

### **§1702.2. Role of Office of Stewardship and Development**

**§1702.2. Policy** The Office of Stewardship and Development shall monitor all bequests to parishes, schools, and agencies in the Archdiocese, and shall act as a liaison between the parish, school or agency and the trust officers and/or attorneys representing the estate.

#### ***Procedure***

The Office of Stewardship and Development will help decide, in consultation with the parish, school, or agency and the Office of Legal Services, when to take legal action to ensure the donor's intentions are fulfilled.

## **§1703 BEQUESTS TO CLOSED PARISHES OR SCHOOLS**

**§1703.1. Policy** When a bequest or trust distribution is made to a parish(es) or school(s) that are now closed, the bequest or trust distribution shall be directed to the parish(es) or school(s) that currently serve the local neighborhood formerly ministered to by the closed parish(es) or school(s), unless the will stipulates otherwise.

## **§1800 MASS STIPENDS**

**1801.1. Policy** Mass stipends shall be deposited in a separate deposit account at the Pastoral Center.

### ***Procedures***

- a) As masses are required, the parish should request the appropriate withdrawal from the Pastoral Center.
- b) See Section 1704 regarding excess mass stipends.



## **§1900 DIOCESAN FINANCE COUNCIL**

*In accordance with the Revised Code of Canon Law (Canon 492), the Archbishop of Chicago has formed a Finance Council of no less than three of the Christian faithful who are experts in finance, civil law, and general business matters and who are people of impeccable integrity. The “Christian Faithful” are those who have been baptized in the Catholic Church (Canon 204), and who remain in communion with the Catholic Church (Canon 149) and are not barred by a legitimate sanction (Canon 96). The purpose of the Finance Council is to provide assistance and guidance to the Archbishop of Chicago in the administration of the temporal goods of the Archdiocese of Chicago.*

### **§1901 COUNCIL RESPONSIBILITIES**

**1901.1. Policy** The Diocesan Finance Council shall have the following specific responsibilities:

- (1) to review and approve the annual budget and annual financial report as submitted by the Archbishop;
- (2) to advise the Archbishop in regards to the employment of a finance officer;
- (3) to advise the Archbishop before he may make a decision to impose any taxes;
- (4) to advise the Archbishop before he may perform the more important acts of administration relative to fiscal matters;
- (5) to advise the Archbishop before he may determine norms establishing the limits of ordinary administration for juridic persons subject to the Bishop whose own statutes do not specify these norms;
- (6) to give or withhold consent of the Archbishop to alienate property within the minimal and maximal amounts determined by the Episcopal Conference;
- (7) to advise the Archbishop before he may invest the money and movable goods assigned to the endowment and retirement funds;
- (8) to advise the Archbishop before he may commute the obligations imposed in wills given for pious causes, if they are impossible to fulfill; and,
- (9) to advise the Archbishop on any other financial or general business matters as may be appropriate.

**1901.2. Policy** The Archbishop, or his delegate, shall preside over the Council.

## §1902 MEETINGS

**1902.1. Policy** The Council shall meet at least annually and more often, as appropriate.

### *Procedures*

Notice of the date, time, and place of all meetings will be given at least five business days prior there to by written notice delivered or sent by mail or facsimile to each member at his address as shown by the records of the organization.

**1902.2. Policy** A majority of the total number of members of the Finance Council, at least (1) of whom shall include the Vicar for Regional Services/Vicar General or Chancellor shall constitute a quorum at any meeting of the Finance Council.

## §1903 MEMBERSHIP

**1903.1. Policy** The Archbishop shall appoint a total of 25 members to the Finance Council, or such other number as he, in consultation with the Finance Council, may deem appropriate.

**1903.2. Policy** Finance Council membership shall include the Vicar for Regional Services/Vicar General and the Chancellor.

**1903.3. Policy** The term of a Member of the Finance Council shall be a five year period and he or she may serve additional five year periods after the completion of the initial five years.

**1903.4. Policy** The Archbishop may remove any person from membership on the Finance Council at any time with just cause.

### *Procedures*

Just cause includes, but is not limited to, failure to attend three consecutive meetings of the Finance Council without reasonable justification or notice or any other act which the Archbishop shall deem inappropriate.

**1903.5. Policy** Any vacancy occurring on the Finance Council by reason of an increase in the number of members, resignation or removal, shall be filled in the same manner as the original appointment.

***Procedures***

A member appointed to fill a vacancy will be appointed for the unexpired term of his or her predecessor.

**1903.6. Policy** The Archbishop shall designate a member(s) of the Finance Council to the position of Vice Chair(s). The responsibility of the Vice Chair(s) shall be to coordinate the activities of the Finance Council Committees and plan the meetings of the Finance Council.

## **§1904 INDEMNIFICATION**

**1904.1. Policy** The Archdiocese of Chicago shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was a Member of the Finance Council of the Archdiocese of Chicago.

## **§1905 COMMITTEES**

**1905.1. Policy** All Finance Council members shall be assigned to Committees by the Archbishop.

***Procedures***

- a) Members will be assigned to committees based on the member's expressed interest and an appropriate matching of the member's skills and background to the focus of the committee.
- b) One member of each committee will be appointed chairperson by the Archbishop. The committee chairperson will be responsible for scheduling and organizing committee meetings, delegating responsibilities to committee members and members of the Archbishop's management staff and reporting the committee's activities to the full Finance Council.

§1900 *Diocesan Finance Council*

- c) Vacancies in the membership on any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

**1905.2. Policy** Committees shall meet at least annually and more frequently as deemed necessary by the committee chairperson.

***Procedures***

Each committee will determine its own rules of procedures, consistent with the Finance Council By-Laws.

**1905.3. Policy** Each committee shall keep a record of its acts and proceedings, and all actions shall be reported to the full Finance Council at the next regularly scheduled meeting.

**1905.4. Policy** The Archbishop shall designate a member(s) of the Archdiocesan management staff to serve as the liaison to each committee.

***Procedures***

The liaison will serve as a resource for the committee to accumulate data and statistics, clarify current policy, provide historical perspective, management insight, define involvement of other consultative bodies, etc.

**§1906 CONFLICT OF INTERESTS**

**1906.1. Policy** The Finance Council shall adopt, and keep in force at all times, a Conflict of Interest policy, and shall, from time to time, review such policy for possible modification.

## **§2000 THE PARISH FINANCE COMMITTEE**

*The following section explains the purpose, selection and responsibilities of the Parish Finance Committee.*

*In the administration of the temporalities of the parish, Canon 532 defines the role of the pastor as the juridic representative of the parish. Canon 537 introduces the element of a Parish Finance Committee as a mandated body having an advisory and consultative role on behalf of the pastor.*

### **§2001 COMMITTEE REQUIREMENT**

**2001.1. Policy** Every parish shall be required, both by adherence to the Code of Canon Law and Archdiocesan regulation, to have a Finance Committee<sup>1</sup>. An existing structure within the parish may serve this role provided it is able to meet the requirements and execute the responsibilities noted below.

### **§2002 MEMBERSHIP REQUIREMENTS**

#### **§2002.1. Christian Faithful**

**2002.1. Policy** Members shall be of the "Christian Faithful" in the language of the Code, which can be extended to include a member who is part of a mixed religion family and within the above definition by his or her participation and commitment within the parish community.

#### ***Procedure***

The "Christian Faithful" are those who have been baptized in the Catholic Church (c. 204), and who remain in communion with the Catholic Church (c. 149) and are not barred by a legitimate sanction (c. 96).

#### **§2002.2. Appointment by Pastor**

**2002.2. Policy** Members shall be appointed by the pastor for fixed terms to be determined at the local level and may be re-appointed or terminated in this role by the pastor.

#### ***Procedures***

Members of the Finance Committee should be chosen based on demonstrable skills or expertise in management and/or financial issues.

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<sup>1</sup>See Canon 537.

**§2002.3. Drawn from the Community**

**2002.3. Policy** Members shall be drawn from the parish community. This requirement may be waived in the event of special expertise if all other conditions of membership are met.

**§2002.4. Number of Members**

**2002.4. Policy** Membership shall consist of no less than three members.

**§2002.5. Conflict of Interest**

**2002.5. Policy** Members of the Finance Committee may serve in other volunteer service roles in the parish, provided such dual service will not create a conflict of interest. Members shall not be related to the pastor. The role of the Finance Committee should not be vitiated.

***Procedure***

No parish employee or member of the immediate family of a parish employee may serve on the Parish Finance Committee.

**§2003 CONSULTATION BY PASTOR**

**2003.1. Policy** The pastor shall consult with the Finance Committee on the following matters, although he remains the juridic authority for final decision;

- (1) Any commitment of parish resources in excess of \$10,000.00.
- (2) The management of funds which the parish is authorized to retain and manage,
- (3) At the minimum, review of the Annual Budget and Annual Parish Report before submission to the Pastoral Center. To the extent practical, he should be involved in the preparation of both reports, particularly the Budget report,
- (4) The Finance Committee should provide assistance and review in the formulation of the Parish Report to the parish community, as required by Canon 1287.

## **§2100 GRANT ALLOCATION PROCESS AND CRITERIA**

*The Archbishop has approved a Provisional Grant Allocation Process which will be followed for fiscal year 1998. When the current grant allocation process is completed, the interim policies will be reviewed and revised.*

### **Introduction**

*Our Archdiocese is a communion of faith gathered around the table of the Lord, nourished by God's Word, pastored by our Archbishop and in communion with the universal Church. The Archdiocese carries on the mission of the Lord Jesus. The furthering of this mission is fostered by the development of smaller communities of faith known as parishes and other ecclesial pastoral structures. These parishes are responsible for the development of their own common life in union with the rest of the Archdiocese and the Church universal.*

*These parishes also share responsibility for supporting the Church's mission in those areas of the Archdiocese and throughout the world that do not have the financial and other resources needed to further the Lord's mission. This responsibility is fulfilled in part by financial contributions to support the ministry of the Archdiocese.*

*It is the Archbishop, in consultation with appropriate consultative bodies and Archdiocesan leadership, whose responsibility it is to specify the mission and priorities of the Archdiocese and to allocate monies in a manner that will fulfill that mission with special attention to the presence of the Church among the poor and those in need. These communities of faith share fully in the life and mission of the Church which they are a part while facing special circumstances often not of their making. As a prudent pastoral leader, the Archbishop should administer the resources of the Archdiocese in a manner that allows for a balanced budget. When pastoral needs are greater than fiscal resources, the Archbishop, after appropriate consultation, will have to make realistic and complex decisions that will allow for ministry to continue, but in keeping with available resources.*

## **§2101 GRANT ALLOCATION PROCESS**

### **§2101.1. Parish Pastoral Plan**

<p><b>2101.1. Policy</b> An essential component of the grant allocation process is the pastoral plan which shall serve as the context for its discussion regarding a potential grant. In this way, the distinctive responsibilities of the parish as a community of faith are valued.</p>
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### **§2101.2. Total Amount of Grant Money to be Available**

**2101.2. Policy** In early October of each year, the Archbishop's Administrative Council shall recommend to the Archbishop the total amount of grant money to be available for the next fiscal year.

***Procedure***

Ordinarily, as the amount is determined each year, it will not be in excess of 25% of expenses of a balanced, ordinary operating budget for "Pastoral Center Activities," excluding insurance and pass through benefit activities.

**§2101.3. Establishing a List of Grant Candidate Parishes**

**2101.3. Policy** In late October, after the Archbishop, with input from appropriate consultative bodies, has determined the total amount of money to be made available for grants, the Vicar General shall meet with each Vicar, his Deans, the Director of Finance, the Vicariate Administrative Consultants (VAC) and appropriate Pastoral Center staff to review the parishes currently on grant and those parishes whose financial condition indicates the likelihood of their becoming a grant parish. The purpose of that meeting shall be to establish a list of "grant-candidate" parishes.

**§2101.4. Initial Analysis of Grant Candidates**

**2101.4. Policy** In early November, it shall be the responsibility of the Vicar, the Dean, with the assistance of the VAC, the Office of Catholic Schools (OCS) area school planning consultant, the Office for Catechesis (OFC) deanery leadership consultant and others with expertise to do an initial analysis of each "grant-candidate" in light of the "Criteria for Grant Allocation" in §902.

**§2101.5. Parish Response to Analysis**

**2101.5. Policy** In mid-November, the results of grant candidate analysis shall be communicated by the Vicar and Dean to the pastor, principal, appropriate members of the parish staff, the chair of the parish pastoral council and the chair of the parish finance council. They shall have an opportunity to present their own response to this analysis either immediately or at an agreed upon future date. They shall also be able to present, using a form developed by the finance office, their current financial status, their projections to the end of the current fiscal year, and their initial budget estimates for the next fiscal year.

**§2101.6. Tentative Grant Proposals for Eligible Parishes**



**2101.6. Policy** In early December, after discussions about the grant candidate analysis have been completed, the Vicar and Dean shall determine which parishes in each Deanery shall be eligible for a grant, and then propose a tentative grant for each eligible parish. This listing shall be shared with the Archbishop for review. If the total of those grants is greater than the monies available, it shall be the responsibility of the Vicars to negotiate the allocation of available monies between Vicariates.

#### **§2101.7. Parish Response and Final Recommendation**

**2101.7. Policy** The results of the grant candidate analysis shall be shared by the Vicar and Dean with those involved in the consultations in each parish, who shall have the opportunity to offer comments. These comments shall be recorded, along with the final recommendation, so that they can be submitted to the Archbishop through the Vicar General. It is possible that these discussions will result in the Vicar making further adjustments in the tentative grants.

#### **§2101.8. Archbishop's Review and Approval**

**2101.8. Policy** When the process in §901.7 has been completed, the Archbishop shall attend a meeting chaired by the Vicar General with the Vicars, Deans, the Director of Finance, the VACs, school planners, members of the Research and Planning Office, the Consul for Policy Development and other appropriate staff at which the final list of proposed grants shall be reviewed. At this meeting or subsequently thereafter, the Archbishop shall approve the final grant for each parish.

#### **§2101.9. Grant Parishes to Submit Balanced Budgets**

**2101.9. Policy** The grant allocation process shall be completed by January 1st and the results included in the budget materials sent to each parish. It is expected that each grant parish shall submit a budget for the next fiscal year which, including the grant money, shall be a realistic balanced budget. If after analysis by the Finance Office, it is determined that the budget is not a balanced budget, it shall be the responsibility of the Vicar and Dean to meet with the pastor, principal, chair of the parish pastoral council, central school board and the chair of the parish finance council to determine what steps must be taken to balance the budget.

### **§2102 GRANT ALLOCATION CRITERIA**

## §2100 Grant Allocation

*Grants are given to assist a parish in fulfilling its ecclesial mission. Under most circumstances a parish should be able to support itself. If this is not possible, the following criteria are used.*

*A parish may be considered a candidate for a grant when it demonstrates substantial compliance with Archdiocesan criteria as set forth in the Ministerial Life Criteria Handbook. The ministries which are to be provided for are: Spiritual Life, Human Concerns, Parish Life and Education. It is assumed that a parish will be able to support the fulfillment of its mission in areas other than its educational mission.*

### **§2102.1. Parish Elementary School Education Criteria**

**2102.1. Policy** The grant allocation criteria for a parish with an elementary education program shall include:

- (1) Evidence of a strong Catholic identity and certification of the school through the School Evaluation Process.
- (2) Financial pupil/teacher ratio of at least 22:1.
- (3) At least 75% of its operating budget raised by the school.\*
- (4) The Archdiocesan average cost per child is not exceeded.\*\*
- (5) A self-supporting pre-school program and extended day program.
- (6) Amount of the grant in terms of dollars per child does not exceed 25% of the anticipated average cost per child. (If enrollment increases, the amount of the grant shall be adjusted.\*\*)
- (7) Eligible federal, state and Archdiocesan funds are accessed.

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\* Percent determined by previous history of the school and in consultation with the Office of Catholic Education.

\*\* It will be necessary to take into consideration two factors when determining the actual amount of the grant:

1. the impact on cost per child of an older, more experienced faculty;
  2. schools that are potential "anchors" may have higher occupancy costs.
- Schools should not be penalized in terms of grant because of either of these factors.

**§2102.2. Parish Secondary Education Criteria**

**2102.2.1. Policy** Ordinarily, high schools are self-sufficient and operate with a balanced budget. Exceptions to this shall be made only on a case by case basis, in accord with the following clear criteria for high school grants.

- (1) The mission and philosophy of the school reflect the Catholic identity of the school.
- (2) 75% of expenses are covered by tuition, fund raising, and other income.
- (3) At least 95% of tuition is collected.
- (4) There is minimum student teacher ratio of 18:1 in schools with enrollment less than 350; 20:1 in schools of more than 350.
- (5) The ratio of auxiliary personnel to faculty is approximately 1:2.\*\*\*\*
- (6) Approximately 75% of operating budget costs are for personnel expenses.
- (7) Fund raising goals average at least \$100 per student are set and met.
- (8) A development plan exists. Implementation of the plan, at a minimum, covers its costs including salaries.
- (9) There is a 3-year financial and enrollment projection.
- (10) The school maintains North Central accreditation and State recognition.
- (11) The school accesses federal, state and Archdiocesan funds for which it is eligible.

**2102.2.2. Policy** If a school needs a grant for two or more consecutive years, a feasibility study shall be done to assess the school's viability. Exceptions may be made for schools whose mission represents a particular priority of the Archdiocese. Should this be the case, recommendations shall come from the Planning Coordinating Committee to the Archbishop for a decision.

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\*\*\*\* Auxiliary personnel refers to all non-teaching persons employed by the school including administrators, counselors, clerical staff, development staff, librarians, maintenance staff, campus ministers, etc.

## **§2200 THE PARISH AND/OR SCHOOL ENDOWMENT FUND**

*Several parishes have established endowment funds to provide for the long-term support of their respective parish ministries and/or the Catholic Education of its students through two vehicles established by the Archdiocese for the central custody and investment of such funds. The monies of these participating parishes are deposited in the Parish Endowment Fund (PE) or the Parish School Educational Endowment Fund (PSEE) of the Archdiocese of Chicago, more particularly described below. Money deposited in the PE Fund and/or PSEE Fund is raised from special gifts, bequests, and specific parish appeals, but not from normal parish revenues. The creation of such funds was approved by the Archbishop after consultation with various groups including the Archdiocesan Finance Council and is available for all parishes of the Archdiocese. The Funds do not create separate foundations or juridic persons, but exist within a parish, Archdiocesan high school, or non-parish based elementary school, and remain under the supervision and control of the Catholic Bishop of Chicago.*

*The PSEE Fund applies to Consolidated and Merged Schools, parish-based elementary schools, Archdiocesan high schools, and non-parish based schools (the "Parish School".)*

*The Archdiocese of Chicago has adopted the following policies and procedures to govern the PE Fund and PSEE Fund of the Archdiocese of Chicago to be held and administered as follows:*

### **§2201 DEFINITIONS**

- a) "Restricted Endowment" is a fund that, subject to the qualifications set forth in these policies and procedures, is maintained in perpetuity and only the income of which is to be used to support the purposes designated herein.
- b) "Administrator of the Fund" is the person appointed by the Archbishop of Chicago to administer the day-to-day operations of the PE and/or PSEE Fund, maintain records of deposits into and withdrawals from the PE and/or PSEE Fund, report at least semi-annually to the Archbishop and the Archdiocesan Finance Council on the financial condition of the PE and/or PSEE Fund, and of the respective interests in each participating parish, and generally perform such administrative functions as shall be necessary or appropriate to effectuate the purposes of the PE and/or PSEE Fund.
- c) "Participating parish" refers to any parish of the Archdiocese of Chicago which elects to make deposits in the PE and/or PSEE Fund of monies generated from special gifts, bequests, or specific parish appeals (but not from normal parish revenues) for the long-term support of parish ministries or a parish school in accordance with the terms and conditions set forth in these policies and procedures.
- d) "Interest in the Fund" refers to the account of each participating parish reflecting its deposits, accrued earnings and withdrawals.

**§2201.1. Restricted Endowment**

**2201.1. Policy** The PE and/or PSEE Fund shall be Restricted Endowments and the income derived from the PE and/or PSEE Fund shall be used by participating parishes exclusively for the support of their respective parish ministries and/or schools.

***Procedure***

Any parish may deposit monies in the PE and/or PSEE Fund to create an interest in the PE and/or PSEE Fund for the support of, respectively, parish ministries or a Parish School.

**§2201.2. Funds to be Held Separately**

**2201.2. Policy** All assets of the PE and/or PSEE Fund shall be held separate and distinct from other Archdiocesan assets.

***Procedures***

- a) The investment of the PE and/or PSEE Fund will be under the supervision and direction of the Archdiocesan Finance Council or of a committee of such Council to which appropriate delegation of responsibility shall have been made.
  
- b) The fiscal year of the PE and/or PSEE Fund will run from July 1 to June 30.

**§2201.3. Investment of Monies**

**2201.3. Policy** The investment of monies in the PE and/or PSEE Fund will be made by professional investment money managers, subject to guidelines set by the Archdiocesan Finance Council or by an appropriately designated committee of the Archdiocesan Finance Council.

**§2201.4. Monthly Distributions**

**2201.4. Policy** Earnings, Interest, Dividends, and Realized Capital Gains or Losses shall be credited to the parish account on a monthly basis and distributed, if requested by the pastor, on a calendar quarterly basis. Income not distributed, including unrealized capital gains and losses, shall be accumulated in the PE and/or PSEE Fund.

**§2201.5. Withdrawals**

**2201.5. Policy** A parish's interest in the corpus of the PE and/or PSEE may be withdrawn only under extraordinary circumstances and only with the express approval of the Archbishop of Chicago or his delegate, since the conservation of the corpus is essential to the long-term support of parish ministries or the parish school system.

***Procedure***

Any sum authorized to be withdrawn from the PE and/or PSEE account should not exceed twice the amount of income credited to the parish during the preceding twelve-month period.

**§2202 CLOSURES AND CONSOLIDATIONS**

**§2202.1. School Closure**

**2202.1. Policy** If a school sponsored by a parish has an interest in the PSEE Fund and is subsequently closed, the parish's interest in the PSEE Fund will be credited to the general account of the parish on such terms and conditions as the Archbishop may prescribe.

**§2202.2. School Consolidation**

**2202.2. Policy** If a Parish School sponsored by a parish has an interest in the PSEE Fund and is subsequently consolidated with another school or schools, the interest of the parish whose school is being consolidated shall continue to be credited to the account of such parish, but any income withdrawn from such account shall be used for the support of the consolidated school.

**§2202.3. Closure of Parish or Non-parish School**

**2202.3. Policy** If a parish, Archdiocesan high school, or non-parish elementary school closes, its interest in the PSEE Fund will be disposed of on terms and conditions prescribed by the Archbishop.

**§2202.4. Parish Closure**

**2202.4. Policy** If a parish that has an interest in the PE Fund is subsequently closed, the parish's interest in the PE Fund will be credited to the general endowment account of the Archdiocese on such terms and conditions as the Archbishop may prescribe.

**§2202.5. Parish Consolidation**

**2202.5. Policy** If a parish that has an interest in the PE Fund is subsequently consolidated with another parish or parishes, the interest of the parish being consolidated with another parish shall continue to be credited to the account of the surviving consolidated parish.

**§2203 TERMINATION OF FUND**

**2203.1. Policy** In approving the creation of the PE and/or PSEE Fund, the Archbishop intends that it continue in effect indefinitely. In the event that the PE and/or PSEE Fund can no longer accomplish its intended purposes, the Archbishop reserves the option to terminate the PE and/or PSEE Fund and make such distribution of it (with the advice of the Archdiocesan Finance Council, and after consultation with interested parishes) as appears equitable and appropriate under then existing conditions.

**§2204 GUIDELINES FOR ESTABLISHMENT OF PARISH AND/OR SCHOOL ENDOWMENT FUND (PE AND/OR PSEE FUND)**

**§2204.1. Pastor's approval**

**2204.1. Policy** The Pastor, in consultation with the parish staff, parish council, and parish finance council, shall approve the establishment of a PE and/or PSEE Fund in accord with these policies and procedures.

***Procedures***

- a) The Pastor will notify the Archdiocesan Director of Finance in writing of the desire to establish a PE and/or PSEE Fund. This notification should include enumeration of any special restrictions or conditions attached to the use of the PE and/or PSEE Funds by the parish.
- b) Upon the approval of the Archdiocesan Director of Finance, the PE and/or PSEE will be established.

**§2204.2. Initial Deposit**

**2204.2 Policy** An initial deposit of \$10,000 shall be required to establish either the PE or the PSEE Fund.

***Procedures***

- a) After the initial \$10,000 deposit for either the PE and/or PSEE Fund is made, additions of a minimum of \$1,000 may be made to the PE and/or PSEE Fund at any time.
- b) Funds donated to the PE and/or PSEE Fund must originate from income sources which, under ordinary circumstances, would not be given to the parish for normal operating purposes. PE and/or PSEE funds include, but are not limited to, special fundraising, activities held specifically for the purposes of the PE and/or PSEE Fund, special gifts designated for the benefit of the PE and/or PSEE Fund, and estate bequests specifically designated for the PE and/or PSEE Fund.

**§2204.3. Commingling**

**2204.3. Policy** The principle of the PE and/or PSEE Fund shall be commingled with other similar funds and shall be professionally managed with an investment philosophy oriented towards the long-term growth of the PE and/or PSEE Fund.

***Procedure***

Monies deposited in the PE and/or PSEE Fund may be commingled for investment purposes. There will be a separate accounting and separate statement for each person's interest in the PE and/or PSEE Fund.

**§2204.4. Rate of Earnings**

**2204.4. Policy** The parish rate of earnings shall be equal to that of the overall PE and/or PSEE Fund for any given period.

**§2204.5. Withdrawal of Principal**

**2204.5. Policy** Withdrawal of principal shall be permitted only for extraordinary purposes, such as major capital improvements, and only to the extent permitted in the PE and/or PSEE Fund policies and procedures. Prior approval shall be obtained in a manner similar to that of other capital expenditures. (See §700, Book V)



**§2204.6. Annual Financial Report**

**2204.6. Policy** An overall financial report of the PE and/or PSEE Fund shall be issued to each parish participating in the PE and/or PSEE Fund on an annual basis.

## **§2300 INSURANCE/RISK MANAGEMENT SERVICES**

**2301.1. Policy** To report a loss or file a claim, parishes, schools and agencies shall contact Gallagher Bassett Services for all insurance matters in the Archdiocese.

### ***Procedures***

- a) Parishes, schools and agencies should contact Gallagher Bassett by calling (847)-394-3900 (24 hour emergency service).
- b) Parishes, schools and agencies should also contact Insurance/Risk Management Services for additional assistance.

**2301.2. Policy** Insurance/Risk Management Services (IRMS) shall provide advice, education, direction and counsel in the areas of loss prevention, transfer/retention of risk, loss minimization and claim administration.

### ***Procedures***

- a) IRMS seeks out the advice and counsel of Facilities Services and Construction, Real Estate and Insurance Services, the Department of Finance, Accounting Office, Office of Catholic Schools, Communications, Employee Services, Office of Legal Services, Gallagher Bassett Services, parishes, agencies, insurance carriers, defense counsel and other parties as needed.
- b) IRMS assists in the elimination, containment or reduction of exposures that diminish the value of financial and organizational resources.

## **§2400 LEGAL SERVICES**

*It is the responsibility of the Office of Legal Services to serve and administer the legal service needs of the Archdiocese, including management and supervision of outside legal service providers and accounting for the cost thereof. This section is designed to give Pastors, Principals and Agency Directors the correct procedures for acquiring legal services for a parish, school or agency/department.*

### **§2401 THE OFFICE OF LEGAL SERVICES**

**2401.1. Policy** Parishes, schools and agencies shall contact the Office of Legal Services for all legal matters in the Archdiocese. The Office of Legal Services shall be contacted before a parish, school, or agency contacts outside legal counsel.

#### ***Procedures***

The work that the Office of Legal Services is responsible for includes:

- a) Education of parishes, schools and agencies on laws affecting them generally.
- b) Legal advice to parishes, schools and agencies on specific legal problems confronted by them.
- c) Representation of a parish, school or agency in legal proceedings brought by or against them or otherwise involving the parish, school or agency, including:
  - 1) Lawsuits
  - 2) Administrative proceedings
  - 3) Subpoenas
  - 4) Property matters

**§2402 OUTSIDE LEGAL SERVICES**

**2402.1. Policy** The authority for representation of the Archdiocese of Chicago, including any parish, school or agency, by outside counsel shall be obtained through the Office of Legal Services as to each matter undertaken.

**2402.2. Policy** The Office of Legal Services shall inform outside legal counsel employed by the Archdiocese of the management protocol for such counsel.

***Procedures***

Outside legal counsel will receive a copy of the “*Management Protocol for Outside Legal Counsel Employed by the Archdiocese*” from the Office of Legal Services. Acceptance of employment by outside legal counsel constitutes counsel’s agreement to comply with the terms of the protocol.

## **§2500 REAL ESTATE**

*The purpose of the following section is to explain the steps required for processing real estate transactions, including real estate taxes, for the Archdiocese.*

### **§2501 RESPONSIBILITY**

**2501.1. Policy** All real estate transactions for parishes, schools and agencies shall be executed through the Department of Finance, under the supervision of the Manager of Real Estate and Insurance Office.

#### ***Procedures***

- a) Necessary processing of real estate transactions will be handled internally to the extent possible.
- b) In matters of some complexity, contact with legal counsel will be made through the Office of Legal Services.

### **§2502 FINANCIAL PROCESSING**

#### **§2502.1. Conveyances**

**2502.1.1. Policy** Where property is being conveyed, all proceeds shall be processed through the Real Estate and Insurance Office.

#### ***Procedures***

- a) The Real Estate and Insurance Office must be notified by the Pastor, in writing, of property for sale.
- b) Appraisal of property is obtained by either the Pastoral Center or Parish (at the Parish's expense).
- c) Parishes, schools and agencies will be notified of the availability of subject property for ministerial use. The appraisal value of the property must be paid to the Parish, if the Parish owns the property.
- d) If no agencies within the Archdiocese are identified as prospective purchasers, the property is made available to the general public. This is done at both the Parish and Pastoral Center levels.

§2500 *Real Estate*

- e) All contracts for the sale of property must be received and approved by the Real Estate and Insurance Office and Director of Finance.
- f) For parish property, prior to acceptance of any offer, the Vicar and Dean of that vicariate are to be contacted and informed of the proposed sale. Upon their approval, the sale will proceed.
- g) All property sales will be “net cash.” No financing will be provided the purchaser by either the Parish or the Pastoral Center.
- h) The Real Estate and Insurance Office will determine any offsetting charges such as legal costs, filing fees, etc.
- i) A representative from the Real Estate and Insurance Office will prepare and attend the real estate closing in conjunction with the Office of Legal Services.
- j) For Non-Grant Parishes, the net proceeds will first be used to eliminate any Parish debt; any excess will be deposited in a Parish savings account held by the Pastoral Center.
- k) For Grant Parishes, the net proceeds will first be used to eliminate any Parish debt; any excess will be deposited in a Parish savings account for capital expenditures only.
- l) Proceeds from sales of non-parish properties are deposited in an endowment that benefits all parishes.
- m) The final purchase contract must be signed by a Power of Attorney for the Archbishop. A contract signed by anyone other than the Archbishop or his Powers of Attorney is not legally enforceable.

**2502.1.2. Policy** Sales of property equal to or in excess of \$500,000 shall be approved by the Archbishop’s College of Consultors and the Finance Council.

**2502.1.3. Policy** In addition to the above approvals, Sales of property equal to or in excess of \$3,000,000 shall also be approved by the Holy See.

**§2502.2. Acquisition**

**2502.2. Policy** Where property is being acquired, the purchase shall be processed through the Real Estate and Insurance Office. The transaction shall be handled through the Real Estate and Insurance Office and shall be approved by a Power of Attorney for the Archbishop.

***Procedures***

- a) Real Estate and Insurance Office will determine any offsetting charges such as legal costs, filing fees, etc.
- b) If the acquisition is to be financed by a loan or grant, the loan or grant will be processed by the Department of Finance.

**§2502.3. Leaseholds**

**2502.3. Policy** Leaseholds shall be processed by the Real Estate and Insurance Office. However, proceeds shall go directly to the parish or agency lessor, as appropriate.

***Procedures***

- a) If there are costs involved in lease preparation, those costs will be charged to the parish or agency.
- b) References for prospective tenants will be contacted by the Real Estate and Insurance Office.
- c) Prospective tenants are responsible for proof of zoning compliance.
- d) The Office of Legal Services will be consulted when lease forms are used other than the Archdiocesan standard lease form.

### **§2503 GIFTS OF REAL ESTATE**

**2503.1. *Policy*** No priest or parish shall accept gifts of real estate to the Archdiocese of Chicago.

***Procedures***

If a gift of real estate is offered, the prospective donor should be referred to the Director of Finance. Only the Catholic Bishop of Chicago or his delegate can accept a deed for property being given to the Archdiocese of Chicago.

### **§2504 REAL ESTATE TAXES**

**2504.1. *Policy*** All matters related to real estate taxes, including payment or protest thereof, shall be processed through the Real Estate and Insurance Office.

***Procedures***

Debit or credit charges, as applicable, will be forwarded to Accounting Office. Direct payment of taxes shall be made by Real Estate and Insurance Services.

### **§2505 OTHER SERVICE TAXES**

**2505.1. *Policy*** Metropolitan Sanitary District and/or City of Chicago Sewer Taxes shall be directly paid by the Archdiocese. All parishes, schools and agencies shall be billed by the Pastoral Center for their specific share of such taxes.



## §2600 ARCHDIOCESAN RECORDS

### §2601 OWNERSHIP OF RECORDS

**2601.1. Policy** All records<sup>1</sup> created, received, used, maintained or preserved by an agency<sup>2</sup> or employee of the Archdiocese of Chicago during the course of employment or in the transaction of Archdiocesan business are solely the property of the Archdiocese. No records shall be removed, destroyed, transferred, stored, transferred into another media type or otherwise disposed of except in compliance with Archdiocesan policies governing properly established Retention Schedules and the procedures developed by the Archives and Records Center.

### § 2602 RECORDS RETENTION SCHEDULES

**2602.1. Policy** Records retention scheduling for the disposition of all Archdiocesan Records shall be approved by the Records Conservation Board<sup>3</sup> and administered by the Archives and Records Center.

#### **Procedures**

A records retention schedule is created by the Archives and Records Center Staff for each agency of the Archdiocese and includes a record's series title, description, retention period and legal citation. This schedule mandates the minimum retention period of records of the agency and is approved by the agency head, the Department Director and the Records

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<sup>1</sup>"Records" as used herein shall include, but shall not be limited to, all recorded information, documents, letters, maps, books, photographs, films, sound recordings, tapes (magnetic and otherwise), electronic data processing records, and any other documentary material regardless of media type or characteristics that have been created, received, used, maintained, or preserved by an agency of the Archdiocese of Chicago or its employees in the course or transaction of its business or pursuant to its legal obligations.

Examples of materials that are not records within the meaning of these policies and procedures include library and museum material made or acquired and preserved solely for reference or exhibition purposes; extra copies of documents that have been preserved for convenience of reference; stocks of publications or blank forms; and similar material not normally included within the definition of record.

<sup>2</sup>An "agency" as used herein shall include any department, institution, office, parish or any subdivision thereof owned and/or operated by the Roman Catholic Bishop of Chicago, a corporation sole.

<sup>3</sup>The Records Conservation Board is the governing authority for approval of records retention schedules for the Archdiocese of Chicago. The Board consists of the Archdiocesan Finance Officer, In-House Legal Counsel, the Vice Chancellor for Archives and Records and their designates.

Conservation Board. As the disposition of all records is to be in compliance with these schedules, all employees should consult the retention schedule for his or her respective agency. Any questions in this regard should be directed to the Archdiocesan Archives and Records Center.

**§ 2603 LITIGATION HOLD NOTICES<sup>4</sup>**

**2603.1. Policy** When any Archdiocesan entity receives written notification of anticipated litigation, said entity should preserve all records relevant to the anticipated litigation and shall suspend the routine destruction of relevant records until further notice.

**PROCEDURES**

1. If an Archdiocesan entity receives notification of, or identifies or anticipates potential litigation, the Office of Legal Services shall prepare a Litigation Hold Notice for all records relevant to the identified or anticipated litigation.
2. The Office of Legal Services shall determine the initial scope of the anticipated litigation and shall issue a Litigation Hold Notice to the Vice-Chancellor for Archives and Records. The Vice-Chancellor shall acknowledge receipt of the Litigation Hold Notice in writing to the Office of Legal Services.
3. The Vice-Chancellor of Archives and Records shall identify possible records custodians and the location of relevant records, and, in cooperation with the Department of Information Technology, shall suspend the routine destruction of records and shall take appropriate measures to ensure the preservation of such records for the duration of the Litigation Hold. The Vice-Chancellor shall communicate the nature of the preservation efforts to the Office of Legal Services.
4. The Office of Legal services may revise and re-issue a Litigation Hold Notice as needed during the course of investigation or litigation. The scope of a Litigation Hold may be refined in response to discovery requests or orders, or changes to the scope of the real or anticipated litigation. Any revised Litigation Hold Notices will modify the scope of the initial Litigation Hold.
5. The Office of Legal Services shall notify the Vice Chancellor for Archives and Records in writing when a Litigation Hold may be lifted. When a Litigation Hold

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<sup>4</sup> A litigation hold is a suspension of document retention/destruction policies for those documents that may be relevant to a legal issue and/or lawsuit that has been actually filed or one that is reasonably anticipated. It ensures that relevant data is not destroyed and that key employees are notified of document preservation requirements.

*Book V The Temporal Goods of the Church*

is lifted, the destruction of records shall proceed in accordance with applicable archdiocesan record retention schedules.

## §2700 PURCHASING

*The purchasing policies apply to all Archdiocesan departments and agencies, but they do not apply to parishes. Parishes are not required to follow these policies and procedures (with the exception of §2704), but they are encouraged to implement an authorization system for purchasing goods and services.*

### §2701 EXPENDITURE AUTHORIZATION

**2701.1. Policy** Expenditures for goods and services in excess of \$500 shall have a formal purchase requisition completed by the ordering department or agency.

#### **Procedures**

- a) This policy applies to, but is not limited to: contract costs, professional association dues, consulting fees, any goods purchased, and outside professional services.
- b) For goods and services less than \$500, this policy shall not be mandatory, but it is preferred. The existing system of check requests will continue for these goods and services.
- c) Purchase requisitions should be sent to the Purchasing department. The Purchasing department will assign a purchase order number to the request.

**2701.2. Policy** Expenditures for goods and services more than \$500 and less than \$1000 shall have a formal purchase requisition completed by the ordering department or agency, and the purchase requisition shall be signed by a department or agency supervisor.

#### **Procedures**

Purchase requisitions should be sent to the Purchasing department. The Purchasing department will assign a purchase order number to the request.

**2701.3. Policy** Expenditures for goods and services more than \$1000 shall have a formal purchase requisition completed by the ordering department or agency, and the purchase requisition shall be signed by the department or agency Director.

#### **Procedures**

Purchase requisitions should be sent to the Purchasing department. The Purchasing department will assign a purchase order number to the request.

**2701.4. Policy** Expenditures for services rendered for which an invoice cannot reasonably be expected shall be exempt from requiring a formal purchase requisition, but the authorization policies above shall apply.

***Procedures***

Examples of expenditures for which an invoice cannot reasonably be expected include stipends and speaker fees. For these items, a check request will suffice.

**2701.5. Policy** No invoice shall be paid without the proper purchase requisition and purchase order process being completed.

***Procedures***

- a) All vendors will be informed that the acceptance of an order without a purchase order will result in a delay of payment.
- b) If requisitions are not completed properly, they will be returned to the originating department.
- c) The appropriate copy of the purchase order must be signed and returned to the Accounting Department as proof of delivery or satisfactory completion of service. When applicable, the packing slip of delivered goods should also be included.

## §2702 **BLANKET PURCHASE REQUISITIONS**

*The intent of the blanket requisition is to eliminate much of the paperwork required for recurring expenses, when the amount of the expenditure can be reasonably estimated but is paid over a period of time.*

**2702.1. Policy** Blanket purchase requisitions shall be used for recurring expenses and shall only be used for a single vendor.

***Procedures***

- a) The requisition should be prepared prior to ordering for the full amount of the anticipated expense.
- b) Once a department or agency has completed the requisition, no further paperwork such as a check request is necessary.

- c) When the purchase order has been generated, Office Services will issue it to the vendor, the ordering department, and the Accounting Department.
- d) At the time of billing, the vendor should reference the purchase order on the invoice and send it directly to the Accounting Department for payment processing.

### **§2703 INTERNAL PURCHASE ORDER SYSTEMS**

**2703.1. Policy** For departments and agencies with their own internal purchase order systems, a copy of their purchase order shall accompany requests for payment sent to the Pastoral Center Accounting Department. The authorization for expenditure shall be consistent with §2701.

### **§2704 PURCHASE OF VEHICLES**

**2704.1. Policy** Vehicles purchased by parishes, agencies and schools shall be purchased in the name of the Catholic Bishop of Chicago.

***Procedure***

The title of all vehicles purchased by the Archdiocese shall list the Catholic Bishop of Chicago as owner of title.

### **§2705 PURCHASE OF COMPUTER HARDWARE AND SOFTWARE BY PASTORAL CENTER AGENCIES**

**2705.1. Policy** Pastoral Center agencies and departments shall purchase computers, computer related equipment and computer software through Information Technology.

***Procedures***

Pastoral Center agencies and departments which are interested in purchasing computers, computer related equipment and computer software must contact the Manager of Information Technology (IT). IT can advise agencies on the most practical and economical computer equipment, and IT will order computer equipment for agencies.

## **§2800 INDEPENDENT CONTRACTOR VS. EMPLOYEE**

*In general, all persons receiving compensation from the parish should be listed as employees. Individuals considered Independent Contractors are the limited exceptions to this general rule. These exceptions generally do not apply to most parishes, but are designed primarily to cover professionals such as lawyers, architects and accountants as opposed to maintenance workers, CCD Instructors, organists, cooks and housekeepers, receptionists, etc. Incidental payments such as payments to CCD teachers (for example: \$50 at Christmas and \$50 at the end of the year) should not be considered as salary.*

*The Internal Revenue Service has 20 factors to be used to evaluate whether an individual is an employee or not. If the majority of these factors exist for the individuals hired, then they should be considered "employees."*

**2801.1. Policy** If the majority of the following factors exist for an individual who receives compensation from a parish, school or agency, then they shall be considered employees.

### ***Factors***

1. Worker is required to comply with instructions about when, where, and how work is done.
2. Worker needs to be trained.
3. Worker's tasks are integrated into normal business operations.
4. Worker's services must be personally rendered.
5. Worker is not responsible for hiring, paying,, or supervising assistants.
6. Worker has continuing relationship with the "employer."
7. Working hours are set by "employer."
8. Worker is required to devote full-time efforts to "employer's" business.
9. Job must be performed on "employer's" premises.
10. Worker's services must conform to order or sequence set by "employer."
11. Worker is required to submit regular or written reports.
12. Worker's payment is based on time spent instead of by the job.
13. Worker is reimbursed for travel and other expenses.
14. "Employer" furnishes tools, materials, and other equipment.
15. Worker has no significant investment in facilities (such as an office).
16. Worker has no risk of real economic loss.
17. Worker is not working for more than one "employer" at a time.
18. Worker does not make services available to the general public.
19. Worker is subject to discharge without "employer" penalty even if job specifications are met.
20. Worker can terminate relationship with "employer" without worker liability.

## **§2900 AGENCY FUND RAISING**

**2901.1. Policy** Agencies, with the approval of the Department Director, may engage in fund solicitation to offset the costs of operating and/or capital grants to the agency.

### **Procedure**

- a) A specific program should be documented indicating the audience for the solicitation and the content of the solicitation.
- b) Anticipated revenue from fund solicitation should be indicated as accurately as possible in the projected income section of the budget.

**2901.2. Policy** Fund solicitation shall be limited to programs and activities approved in the agency budget.

### **Procedure**

While gifts for extra-budgetary activities may be accepted with the approval of the Department Director, provided they are not inconsistent with the budgeted activities of the ministry, solicitations should be limited to approved programs in the budget.



## §3000 FUNDRAISING APPEALS TO THE FAITHFUL

*On November 13, 2002, the members of the United States Conference of Catholic Bishops approved complementary legislation for the implementation of canon 1262 of the Code of Canon Law for the dioceses of the United States. The action was granted recognition by the Congregation for Bishops on May 2, 2007. The President of the United States Conference of Catholic Bishops decreed that the effective date of this decree for all the dioceses of the United States Conference of Catholic Bishops was August 15, 2007. Accordingly, the following policies and procedures shall govern fundraising appeals to the faithful for Church support in the Archdiocese of Chicago.*

### §3001 MOTIVATION FOR FUNDRAISING APPEALS

**3001.1. Policy** Fund-raising appeals are to be truthful and forthright, theologically sound, and should strive to motivate the faithful to a greater love of God and neighbor.

**3001.2. Policy** Fund-raising efforts are to be for defined needs.

**3001.3. Policy** The relationship of trust between donor and fund-raiser requires that: **a)** funds collected be used for their intended purposes; **b)** funds collected are not absorbed by excessive fund-raising costs.

**3001.4. Policy** Donors are to be informed regarding the use of donated funds and assured that any restrictions on the use of the funds by the donor will be honored.

### §3002 APPROVAL BY COMPETENT ECCLESIASTICAL AUTHORITY

**3002.1. Policy** Institutes of consecrated life and societies of apostolic life require approval of the respective competent major superiors and the Archbishop or his delegate or vicar to solicit funds; diocesan entities require approval of the Archbishop or his delegate or vicar to solicit funds; other Catholic entities and organizations require the approval of the Archbishop or his delegate or vicar to solicit funds.

#### **Procedures**

- a) General approval.** In the Archdiocese of Chicago, approval is given generally to all entities listed in the most recent version of the *Official Catholic Directory* (published annually by P.J. Kenedy & Sons) to solicit funds for their ordinary operations.

- b) Capital campaigns and extraordinary fundraising appeals. Institutes of Consecrated Life, Societies of Apostolic Life and other Catholic entities and organizations located in the Archdiocese of Chicago require the approval of the Archbishop or his delegate or vicar to solicit funds in conjunction with a capital campaign or other extraordinary fundraising appeal in excess of the maximum amount set in accord with canon 1292 (currently \$11,397,000 as of June 20, 2008 and revised yearly according to the consumer price index as determined annually by the United States Bureau of Labor Statistics) or 50% of the prior year's ordinary annual income, whichever is greater.
- c) Processing requests for Institutes of Consecrated Life and Societies of Apostolic Life. Requests for the Archbishop's approval for capital campaigns and other extraordinary fundraising appeal in excess of the minimum amount set in accord with canon 1292 involving Institutes of Consecrated Life and Societies of Apostolic Life are processed by the Office of Canonical Services in consultation with the Office for Religious and the Department of Stewardship and Development.
- d) Processing requests for other Catholic entities and organizations. Requests for the Archbishop's approval for capital campaigns and other extraordinary fundraising appeal in excess of the minimum amount set in accord with canon 1292 involving other Catholic entities and organizations are processed by the Office of Canonical Services in consultation with the Department of Stewardship and Development and any other pertinent Archdiocesan agency (e.g., Liaison for Health and Hospital Affairs, Office for Catholic Schools, etc.).
- e) Processing capital projects requests for parishes. Capital projects for parishes are handled according to Archdiocesan Policies and Procedures, Book V, §700.
- f) Processing capital projects requests for Archdiocesan agencies and other diocesan entities. Capital projects for Archdiocesan agencies and other diocesan entities require the approval of the proper department director in consultation with the Chancellor and the Director of Finance.
- g) Requests for entities not listed in the *Official Catholic Directory*. Permission for fundraising of any amount to be conducted by an entity not listed in the *Official Catholic Directory* requires the approval of the Archbishop or his delegate or vicar.

**3002.2. Policy** Approval for fund-raising by the competent authority is to be given in writing with reference to the purpose for which the funds are being raised, the time frame and the methods to be used in raising them.

**3002.3. Policy** Oversight of fund-raising programs is to be maintained by competent authority through periodic review and, where necessary, appropriate sanction.

**3002.4. Policy** Competent major superiors of institutes of consecrated life and societies of apostolic life are to submit to the Archbishop or his delegate or vicar periodic reports on the fundraising programs and the apostolic activities they support when such fundraising originates in the Archdiocese of Chicago.

**Procedure**

A form for such reports can be obtained from the Office for Religious.

**§3003 ACCOUNTABILITY**

**3003.1. Policy** Fund-raisers are to provide regular reports to the Archbishop or his delegate or vicar on the extent to which promises expressed or implied in the solicitation of funds have been fulfilled.

**3003.2. Policy** Fundraising reports are to be prepared in scope and design to meet the particular concerns of those to whom the reports are due: **a)** the governing body and membership of the fundraising organization; **b)** the competent authorities who approved and monitor the fundraising effort; **c)** the donors to the organization; and **d)** the beneficiaries of the funds raised.

**3003.3. Policy** Annual fund-raising reports are to provide both financial information and a review of the apostolic work for which the funds were raised. They are to set forth, at the least, the amount of money collected, the cost of conducting the fund-raising effort, and the amount and use of the funds disbursed.

**Procedure**

A form for such reports can be obtained from the Office of the Chancellor.

**§3004 ALLOCATION AND INVESTMENT OF EXCESS FUNDS**

**3004.1. Policy** Funds beyond operating expenses are not to be accumulated or invested by a fundraising office, but are to be turned over to the appropriate office for allocation and investment.

### §3005 ETHICAL BUSINESS RELATIONSHIPS

**3005.1. Policy** Special care is to be taken to see that ethical business relationships are maintained by fund-raisers with suppliers of goods and services.

### §3006 CONTRACTS AND AGREEMENTS

**3006.1. Policy** Contracts between a religious fund-raiser and commercial suppliers and consultants are to insure that control over materials, designs, money and general operations remain in the hands of the religious fund-raiser.

**3006.2. Policy** Agreements are not to be made which directly or indirectly base payment either to the commercial firm or to the religious fund-raiser on a percentage basis.

### §3007 OVERSIGHT

**3007.1. Policy** Competent authority is to ensure that fund-raising organizations:  
**a)** make available fund-raising reports to benefactors on a regular basis or upon reasonable request; **b)** provide their governing bodies with an annual financial statement prepared in accordance with generally accepted accounting principles and, where size warrants, by a certified public accountant.

**3407.2. Policy** In response to formal complaints, competent authority is to promptly investigate charges, remedy abuses and, when necessary, terminate the fund-raising program.

#### *Procedures*

- a)** Reports of the general financial condition of a parish and all parish fund-raising projects in particular are to be published and prepared in scope and design to meet the particular concerns of those to whom they are due: 1) the parishioners and other donors to the church at least annually; 2) the finance council (and school advisory board) at each meeting and the pastoral council at least quarterly; 3) the beneficiaries of the funds raised at least annually; and 4) the Archdiocesan Finance Department, semi-annually after the end of the second quarter and annually at the end of the fiscal year.

*Book V The Temporal Goods of the Church*

- b) Each January for the preceding calendar year, in accord with IRS requirements for donors (Publication 1771 revised: <http://www.irs.gov/pub/irs-pdf/p1771.pdf>), parishes are to send statements of contributions to donors.
  
- c) Parishioners are to receive a written report, at least in summary form, of the assets, income and expenses of the parish on an annual basis shortly after the end of the fiscal year. Likewise parishioners and parents are to receive a similar report for a school.

## **§3100 LEASING OF CHURCH PROPERTY**

*On November 13, 2002, the members of the United States Conference of Catholic Bishops approved complementary legislation for the implementation of canon 1297 of the Code of Canon Law for the dioceses of the United States. The action was granted recognition by the Congregation for Bishops on May 2, 2007. The President of the United States Conference of Catholic Bishops decreed that the effective date of this decree for all the dioceses of the United States Conference of Catholic Bishops was August 15, 2007. Accordingly, the following policies and procedures shall govern leasing of church property in the Archdiocese of Chicago.*

### **§3101 CONSULTATION FOR LEASES OF GOODS VALUED IN EXCESS OF \$400,000 – ARCHDIOCESAN PROPERTY**

<p><b>3101.1. Policy</b> Prior to leasing of ecclesiastical goods owned by the Archdiocese, the Archbishop must hear the Archdiocesan Finance Council and the College of Consultors, when the market value of the goods to be leased exceeds \$400,000.</p>
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#### ***Procedures***

- a) The term “prior to leasing” throughout these policies does not necessarily require review of the terms of each individual lease, but may be understood to refer generally to the suitability of whether or not to lease the property or goods in question.
- b) The “market value” mentioned throughout these policies is determined by the Director of Finance in accord with normally accepted professional practices.

### **§3102 CONSENT REQUIRED FOR LEASES OF PROPERTY VALUED IN EXCESS OF \$1,000,000 OR FOR DURATION OF THREE YEARS OR LONGER – ARCHDIOCESAN PROPERTY**

<p><b>3102.1. Policy</b> Prior to leasing of ecclesiastical goods owned by the Archdiocese, the Archbishop must obtain the consent of the Archdiocesan Finance Council and the College of Consultors when the market value of the property to be leased exceeds \$1,000,000 or the lease is to be for 3 years or longer.</p>
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**§3103 CONSENT OF ARCHBISHOP REQUIRED FOR LEASES OF GOODS VALUED IN EXCESS OF \$100,000 OR FOR DURATION OF ONE YEAR OR LONGER – PROPERTY OWNED BY A PARISH OR OTHER PUBLIC JURIDIC PERSON SUBJECT TO THE ARCHBISHOP**

**3103.1. Policy** The valid leasing of ecclesiastical goods owned by a parish or other public juridic person subject to the governance of the Archbishop requires consent of the Archbishop when the market value of the goods to be leased exceeds \$100,000 or the lease is to be for 1 year or longer.

***Procedures***

Approval for leases involving ecclesiastical goods owned by a parish or other public juridic person subject to the governance of the Archbishop should be requested through the Archdiocesan Office for Real Estate.

**§3104 NIHIL OBSTAT OF ARCHBISHOP REQUIRED FOR LEASES OF PROPERTY VALUED IN EXCESS OF \$1,000,000 OR FOR DURATION OF THREE YEARS OR LONGER – PROPERTY OWNED BY A PONTIFICAL INSTITUTE OF CONSECRATED LIFE OR SOCIETY OF APOSTOLIC LIFE**

**3104.1 Policy** The valid leasing of ecclesiastical goods owned by a pontifical institute of consecrated life or society of apostolic life requires, in addition to the consent of the competent major superior and council, the *nihil obstat* of the Archbishop when the market value of the property to be leased exceeds \$1,000,000 or the lease is to be for 3 years or longer.

***Procedure***

The Archbishop's *nihil obstat* for leases involving ecclesiastical goods owned by a pontifical institute of consecrated life or society of apostolic life should be requested through the Archdiocesan Office for Canonical Services in consultation with the Office for Religious.

**§3105 CONSENT OF THE HOLY SEE FOR LEASES OF GOODS VALUED IN EXCESS OF \$5,000,000 – PROPERTY OWNED BY ANY PUBLIC JURIDIC PERSON**

**3105.1. Policy** The valid leasing of ecclesiastical goods by any public juridic person requires the consent of the Holy See when the market value of the goods exceeds \$5,000,000.

***Procedure***

Requests for the approval of the Holy See for leases in excess of \$5,000,000 involving ecclesiastical goods owned by any public juridic person subject to the governance of the Archbishop should be requested through the Archdiocesan Office for Canonical Services.



INDEX – BOOK V

**Bank accounts,**

- agency, - [400] - 1
- checking, - [200] - 5
  - for pull-tab operations, - [800] - 6
  - parish, - [200] - 5
- interest rates, - [200] - 1
- investment restrictions, - [200] - 2
- Mass stipends, - [1800] - 1
- name on parish, - [200] - 1
- parish organization, - [300] - 1
  - annual report, - [300] - 1
  - unused funds, - [300] - 2
- savings, - [200] - 1, 2
  - closing parishes, - [1600] - 1
  - consolidating parishes, - [1600] - 2
  - merging parishes, [1600] - 2
- withdrawing funds, - [200] - 1-2

**Bequests,**

- communication with executor, - [1700] - 2
- intention of donor, - [1700] - 1
- interpretation of language, - [1700] - 1
- Mass intentions, - [1700] - 1
  - distribution of, - [1700] - 2
  - satisfaction within one year, - [1700] - 2
- other than Masses, - [1700] - 2-3
- role of Office of Stewardship and Development, [1700] - 2-3
- stipend amount, - [1700] - 2

**Bookkeeping,**

- disbursements, - [500] - 1
- minimum, - [500] - 1
- misappropriation of funds, - [500] - 2
- parishes, - [500] - 1
- payroll deductions, - [500] - 2
- schools, - [500] - 1

**Capital improvement projects,**

- approval of, - [700] - 1-4
- construction contracts, - [700] - 3
- funding requirements, - [700] - 2-3
- funding sources, - [700] - 5-6
- “life/safety” issues, - [700] - 4-5
- loans, - [200] - 4
- managing of when costing more than \$20,000.00, [700] - 2-4
  - approval of design, - [700] - 3-4
  - approval of financing, - [700] - 3-4
  - execution, - [700] - 4
  - final report, - [700] - 4
  - planning, - [700] - 3
- procedures, - [700] - 2
- project, definition of, - [700] - 1
- volunteer workers, - [700] - 7

**Construction projects,** *See* Capital improvements

**Contracts,**

- over \$20,000.00, - [600] - 1
  - review of, - [600] - 1-2
  - under \$20,000.00, - [600] - 1
- See also* Capital improvements

**Employee (vs. independent contractor),**

- [2800] - 1-2

**Endowment funds, Parish educational**

- administrator of, - [2200] - 1
- commingling, - [2200] - 5
- establishment of, - [2200] - 4-5
- financial report, - [2200] - 6
- fiscal year, - [2200] - 2
- initial deposit, - [2200] - 5
- interest in, - [2200] - 2
- investment of monies, - [2200] - 2
- managers, - [2200] - 5
- monthly distributions, [2200] - 3
- parish closure, [2200] - 4
- parish consolidation, - [2200] - 4
- participating parish, - [2200] - 1
- rate of earnings, - [2200] - 6
- restricted endowment, - [2200] - 2
- separately held, - [2200] - 2
- school closure, - [2200] - 3
- school consolidation, - [2200] - 3
- termination of fund, - [2200] - 4
- withdrawal of principle, - [2200] - 6

**Equal opportunity,** - [700] - 8

**Facilities,** use of, - [800] - 1

**Finance committee, parish,**

- conflict of interest, - [2000] - 2
- consultation with pastor, - [2000] - 3
- membership, - [2000] - 1-2
- requirement, - [2000] - 10

**Finance council, diocesan,**

- committees, - [1900] - 3-4
- conflict of interest, - [1900] - 5
- indemnification, - [1900] - 3
- meetings, - [1900] - 2
- membership,
  - numbers, - [1900] - 2
  - removal, - [1900] - 2-3
  - term of, - [1900] - 2
- presider, - [1900] - 1
- quorum, - [1900] - 2
- responsibilities, - [1900] - 1

**Financial instruments, gifts of,**

- determining donation amount, - [1500] - 2
- sale of, - [1500] - 1

## Index

**Financial instruments, gifts of** (cont'd),  
signing over, [1500] -1-2  
wire transfers, - [1500] - 2

**Financial reports,**  
annual, - [500] - 2  
annual budget report, - [500] - 3  
quarterly, - [500] - 3

**Fund raising,** agency, - [2900] - 1

**Gambling,**  
bingo, - [800] - 2, 4, 5, 7, [1100] - 3  
charitable games, - [800] - 4, [1100] - 3  
licenses, *generally*  
pull tab operations, - [800] - 5-6  
taxes, - [800] - 7  
*See also* Rental of parish facilities

**Grant allocation,**  
amount available, - [2100] - 2  
Archbishop's review and approval, - [2100] - 3  
candidates for, - [2100] - 2  
    analysis of, - [2100] - 2  
    response by, - [2100] - 2  
criteria for  
    elementary schools, - [2100] - 4  
    high schools, - [2100] - 5  
grant parishes' budget, - [2100] - 3  
tentative proposals, - [2100] - 3

**Independent contractor (vs. employee),**  
[2800] - 1-2

**Insurance,** - [2300] - 1

**Law,**  
canon, - [100] - 1  
civil, - [100] - 1

**Legal services,**  
office of, - [2400] - 1  
outside, - [2400] - 1-2  
real estate transactions, *See* Real Estate

**Licenses,**  
bingo, - [800] - 5  
carnivals, - [800] - 4  
charitable games, - [800] - 4  
festivals, - [800] - 4  
liquor, - [800] - 2, 3-4  
    retailer's, - [800] - 3  
    special event, - [800] - 3  
pull-tab, - [800] - 5-6  
    limited, - [800] - 6  
    regular, - [800] - 6  
raffle, - [800] - 5

**Loans,**  
capital improvement, - [200] - 4

**Loans** (cont'd),  
general guidelines, - [200] - 2-3  
interest on, - [200] - 3  
new construction, - [200] - 4  
outstanding, - [200] - 3  
parish operating, - [200] - 3-4

**Parishes,** proceeds from  
closing, - [1600] - 1  
consolidating, - [1600] - 2  
merging, - [1600] - 2

**Purchasing,**  
authorization, - [2700] - 1-2  
blanket requests, - [2700] - 2-3  
computer hardware and software, - [2700] - 3  
internal order systems, - [2700] - 3  
vehicles, - [2700] - 3

**Real estate,**  
acquisitions, - [2500] - 3  
approval of Holy See, - [2500] - 2  
approval of Vicar and Dean, - [2500] - 2  
conveyances, - [2500] - 1-2  
Department of Finance, - [2500] - 1, 2  
gifts of, - [2500] - 3-4  
leaseholds, - [2500] - 3  
legal services, - [2500] - 1, 2, 3  
non-parish properties, - [2500] - 2  
proceeds,  
    Grant parishes, - [2500] - 2  
    non-Grant parishes, - [2500] - 2  
prospective tenants, - [2500] - 3  
Real Estate and Insurance Office, - [2500] - 1, 2, 3  
responsibility for transactions, - [2500] - 1  
taxes, - [2500] - 4

**Records, Archdiocesan,** - [2600] - 1

**Rental of parish facilities,**  
alcohol, - [800] - 2, 4; *See also* Licenses, liquor  
gambling, - [800] - 2  
hold harmless agreements, - [800] - 1  
insurance, - [800] - 1, 2  
student groups, - [800] - 2

**Risk management,** *See* Insurance

**Stipends,** - [1800] - 1

**Stock, gifts of,** - [1500] - 1-2

**Taxes,**  
charitable contributions (versus tuition),  
    [1300] - 1-2  
charitable gifts, - [1300] - 1  
    substantiation of, - [1300] - 1-2  
Chicago soft drink, - [800] - 7  
contributions quid pro quo, - [1300] - 2  
exemptions, sales, - [1000] - 1, [1100] - 1, 2  
gambling, - [800] - 7

*Book V The Temporal Goods of the Church*

**Taxes** (cont'd),

- priests,
  - filing information, - [1200] - 2
  - self-employment, - [1200] - 1
- real estate, - [2500] - 4
- remittance, - [1100] - 1-3
- sales, - [800] - 7
  - collection of, - [1100] - 1-3
- sanitary district, - [2500] - 4
- sewer, - [2500] - 4
- withholdings for winnings, - [900] - 1

**Workers' rights**, - [700] - 3