

## CHURCH FINANCE

One of the misunderstood and unassuming aspects of the Church is the finance. If asked, most parishioners will simply shrug their shoulders and admit they don't know what happens to their donations. They just assume it's going to a "good cause". In reality, there are tremendous responsibilities of the finance council. They have to

- Count the money every Sunday,
- Make a deposit to into the bank,
- Obtain the bank deposit receipt and reckon it with the church records,
- Pay the bills (yes, the church has bills to pay, just like you and me),
- Redirect monies collected for Diocesan collections back to the Diocese,
- Maintain accurate records of what "category" the money was allocated to,
- Maintain a budget and provide reports on where the monies were spent or deposited,
- Invest the excess funds wisely and safely to gain the most interest without losing any of the principle,
- Have quarterly meetings with the Executive Committee on the state of the Church finances,
- At the end of the fiscal year, provide the Diocese with a detailed report on how much money was collected, where it was/is invested, and where it was spent,
- When making investments providing the time to need with bank representatives for signing documents.

Depending on the size of the parish, the finance council is organized with several members and may include a third party accountant, or CPA. First and foremost is the Priest. He makes the final decision. Essentially, he has 51% of the vote, but usually will agree with the wishes of the people. Next in line is the finance chairman. The chairman serves as the single point of contact for all financial activities. The chairman oversees every aspect of the finances from weekly Sunday deposits to the annual financial report. It is the chairman's fiduciary responsibility to ensure that every penny of the parishioner's donations are allocated and spent per their wishes. The remaining members are responsible for counting the Sunday offerings, making deposits when required, reviewing the church finances and providing a common voice on how the finances are directed. They provide the "checks and balances" on behalf of the parishioners to the Priest and the finance chairman.

**Where does the money come from?** It is YOU, the parishioner. Without you, the church could not provide the building to hold Mass in. Without you, the church could not pay the

utility bills. Without you, the church could not provide youth education. Without you, donations to the Poor and Needy could not be made. Without you, there would be no need for the finance council.

**How is my donation allocated and spent?** For simplicity, there are two main categories, one called *ordinary income* and one call *restricted income*.

The *ordinary income* is used for routine expenditures, e.g. paying the utility bills, maintaining the church property, providing education for the youth/adults, retreats, social gatherings, etc. These monies come from the Sunday collection envelopes and the Plate, or cash donations. Below are examples of the envelopes used for this purpose. . .

#### **ORDINARY SUNDAY ENVELOPE**

#### **HOLY DAY ENVELOPE**

The second category is called *restricted income*. These donations are made for a specific purpose and cannot be used for anything but what the parishioner-donated money for. Examples of these donations are the Diocesan Collections, the Poor Collections, the Building Fund, and the special “second” collections usually requested by the Priest. Below are examples of the envelopes use for these purposes. . .

#### **DIOCESAN RELIGIOUS RETIREMENT ENVELOPE**

#### **BUILDING FUND ENVELOPES**

#### **ONCE PER MONTH POOR COLLECTION ENVELOPE**

As you can see, it is very important for you as a registered parishioner, to use the envelopes provided by the church. By placing your donations in the appropriate envelopes, the finance council can allocate your donations according to your wishes. Additionally, each set of envelopes has a unique number assigned to it that allows the finance council to track your donations.

At the end of the calendar year, any parishioner’s donations totaling over \$250 will receive a letter from the church stipulating the total amount given for the year and acknowledging the church as a non-profit corporation for tax deduction purposes. If you only donate cash to the “plate”, we have no knowledge of who gave what amount, and to where they want the money allocated. So, all “plate” donations end up in the *ordinary income* category and help pay the bills.

**How do the donations get counted?** After every collection, members of the finance council, and anybody that would like to witness the counting and gather and separate the envelopes and cash into each category.

Then each donation is entered into the church's accounting system based on name, category, check# or cash, and the amount. The amounts are then added up, verified, and a bank deposit slip is made. The bank deposit slip and donations are then put in the bank bag and brought to the bank for the deposit. At the end of the month the deposits are reconciled with the bank statement.

**Who has access to the church funds?** There are only three individuals who have access to the church accounts. They are: the priest, a church trustee and the finance chairman. Only these three individuals are able to transfer, invest, or draw checks on the church's account.

The finance chairman using the ordinary income pays routine bills and expenses.

All *restricted income* account activity, whether investing in CD's, securities, or any expenditure, must be approved (in some cases, signed) by all three of the above. This ensures *restricted income* activity is strictly adhered to the wishes of the donors.

**Can I get a copy of the church financial report?** Yes and no. If you are a registered member of the church, you can request a copy of the profit and loss statement. This report shows the basic income and expenses categories. This is your church, your money, and to have a basic understanding of where the money is spent is very important to each parishioner.

Due to privacy, only finance committee members are allowed access to the bank account or individual information.

**Can I become a member of the finance committee?** Yes! When there is an opening. We are looking for qualified individuals who have the dedication (every Sunday!) to serve on the committee for 2-4 years. The Diocesan Finance Policy states, "In order to serve as a member of the parish finance council, a person must be: 1.) A fully initiated Catholic, 2.) Outstanding in firm faith, good morals and prudence, 3.) Free of any canonical penalties or impediments including irregular marriage."

Committee members should have basic financial aptitude, computer skills, be very trustworthy, and have a high sense of responsibility. This is not a "fun" committee. It is very serious and being committed to serve every Sunday is number one. The priest appoints committee members.