

Welcome to the 2023 Parish Finance & Administration Workshop

Presented by Elaine Zevkovich
Treasurer & Director of Administration
and
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Senior Financial Administrator

OPENING PRAYER

Gracious and generous God, Creator and Giver of all that is good, we thank you for our many blessings. We acknowledge that all that we have is from you. We offer you thanks and praise for the beauty of the earth, our work, our family, our loved ones, and all the gifts we have been given.

You are with us always. In each dark hour, you are here. In each bright hour, you are here. Blessed by your grace, may we show gratitude by sharing what we have been given. By serving our brothers and sisters, we serve you.

We remain ever grateful for your constant love, the gift of your Son Jesus, and the presence of your Holy Spirit with us. Protect and guide us on our journey, and guide those who are involved in the stewardship of your Church, of our parishes, and of our Diocese.


We seek to be your faithful stewards.

Amen.

GENERAL ORIENTATION

- Material will range from the basics to advanced guidance for more seasoned administrators.
- I will pause for questions at the end of each topic. I will also take questions at the end of my presentation and will follow up regarding any questions that I am unable to answer today.
- Please share what you learn with others in your parish who were unable to attend.
- The workshop will be recorded, and the link distributed to all parishes after the presentation.
- Stay on mute to limit excess noise.

AGENDA

1. Your Role and Responsibilities for Church Finances
 2. Financial Management, "Red Flags" and Internal Controls
 3. Compensation, Payroll, and Pension Overview
 4. Denominational Health Plan Highlights
 5. Benefits Overview
 6. Diocesan Assessment
 7. Budget
 8. Grant and Loan Programs
 9. Audit Requirements and Process
 10. Parochial Report
 11. IRS/Tax Requirements
 12. Insurance
 13. Diocesan Resources
 14. Top Ten Items Every Treasurer Should Know
 15. Questions and Concerns
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YOUR ROLE AND RESPONSIBILITY FOR CHURCH FINANCES

- Compliance with State and Federal laws and regulations governing non-profit organizations
- Fiduciary responsibility for church assets
- Oversight of all bank accounts and funds
- Sound internal controls, business practices and record management
- Compliance With Denominational and Diocesan Canonical requirements
 - Audits
 - Parochial reports
 - Title 1, Canon 7 – Of Business Methods in Church Affairs

FINANCIAL MANAGEMENT BEST PRACTICES

- Budgeting – allocating church resources for the achievement of the mission
- Cash management – sufficient cash flow
- Investment management
- Long-term financing
- Bookkeeping
- Financial statements
 - Statement of Activities
 - Statement of Financial Position

RED FLAGS

- Recurring operating deficits
- Declining pledge income
 - Number of pledges; Average pledge amount; Declining total pledges
- Decrease in ratio of Congregational Support to Normal Operating Income
- Use of investments/endowments for operations
 - Increase in the percentage of endowment draw to total endowment
 - Increase in the percentage of endowment income to Normal Operating Income
- Pension arrears



INTERNAL CONTROLS

Measures used by an organization to safeguard its resources and ensure accuracy, efficiency and reliability in accounting and operating information. They are designed to prevent or identify inadvertent errors as much as they are intended to prevent the deliberate theft or misuse of funds.

- Adequately safeguard the cash, property, and other assets
- Ensure that all financial transactions are appropriately documented and approved by authorized staff
- Ensure that funds are expended in accordance with donor requirements and limits
- Ensure that financial reporting is accurate, timely, and conforms to policies

INTERNAL CONTROLS

- Segregation of Duties:
 - Parishes must ensure a segregation of duties to the extent possible. No one individual should handle every step of a transaction.
- Counting the Offerings:
 - Sunday offerings should never be in the hands of, or counted by, one person alone.
 - The clergy in charge should not count the collection.
 - Counters should be rotated on a regular basis, if possible.
- Signing Checks:
 - Two check signers should be required for amounts over \$500.
 - Signers should ensure that there is an invoice or other supporting documentation from the payee (e.g., vendor, employee).
- When setting up bank accounts, keep in mind that the FDIC insures up to \$250,000 at banks and savings associations.

COMPENSATION OVERVIEW

- Compensation information is sensitive and confidential.
- The *2023 Compensation Guide* provides diocesan compensation guidelines and Church Pension Group (CPG) pension requirements.
- The *2023 Policies for Participation in the Denominational Health Plan (DHP)* covers medical insurance requirements and provides premium rates for plans offered by the diocese.
- Parishes may enroll employees working at least 20 hours/week not covered under CPG medical insurance into the Employee Assistance Plan for only \$4 per month.
- Letters of agreement (LOAs) are required for all compensated clergy positions and highly recommended for lay employees.
 - LOAs should be reviewed and updated every few years and clergy LOAs **must** be approved by the Bishop.
 - LOA templates for diocesan clergy are available in the Compensation Guide.

COMPENSATION OVERVIEW

- When housing is **not** provided, total assessable compensation is the total of cash stipends, SECA reimbursements, healthcare stipend, utility allowance, and cash housing allowance and should be in accordance with minimum standards per the Compensation Guide.
- When housing **is** provided, the minimum standards in the Compensation Guide may be reduced by 25% and compared to the total of cash stipends, SECA reimbursements, and utility payments.
- For retired clergy, a vestry may approve at the start of the year that 100% of compensation be in the form of housing allowance.

Note: It is fraud to inflate the cash salary or cash housing allowance reported to CPG in order to pay a higher rate into the cleric's pension.

PENSION OVERVIEW

- Clergy Defined Benefit Plan:
 - All active full- and part-time clerics must be enrolled in the Clergy Defined Benefit Plan. The assessment percentage for this plan is 18% of the clergy's assessable compensation.
- Clerics are required to be enrolled if they are:
 - Compensated and expected to work five or more consecutive months for the same Episcopal employer, and
 - Regularly employed, meaning they have a Letter of Agreement, their position has a formal title, they are appointed by the Bishop, **or** they are issued a W-2 or equivalent at year-end, and
 - Not a retiree from the Episcopal Church and under age 72.

PENSION OVERVIEW

- Lay Defined Contribution (DC) Pension Plan (all EDP Employers except for Calvary Episcopal Church):
 - The Lay DC Pension Plan has immediate vesting and requires a minimum Employer Contribution of 5% of the Employee's compensation for Lay Employees scheduled to work at least 1,000 hours/year.
 - Employees are encouraged to contribute to their DC pension account, and the Employer is required to match the Employee's contribution up to an additional 4% of the Employee's compensation, for a minimum total Employer contribution of 9%.
 - Parishes have option to consider DC contributions in excess of 5% to create parity between benefits provided to Clergy and Lay employees.
- Lay Defined Benefit (DB) Pension Plan (Calvary Episcopal Church **only**) - The Plan requires an Employer Contribution of 9% of the employee's compensation. The plan has a 5-year vesting period and is separate from the Clergy DB Plan.

CLERGY PENSION ASSESSMENTS

Compensation reported to CPG must include:

- Cash stipends, including salary, bonuses, medical stipends, and cash payments to fund tax-deferred annuity, IRA, 403(b), or RSVP plans.
- SECA reimbursements paid directly to cleric.
- Utilities (cash allowance or direct payments).
- Housing allowance (cash allowance or provided housing)
 - If housing is provided, allowance is calculated as 30% of total cash stipends, SECA reimbursement, and utility payments.
 - Vestry resolutions approving a cleric's cash housing allowance must be documented in the minutes prior to payment of salary every year.
 - Clergy may claim only their principal residence when applying the housing allowance.
 - A letter must be sent at year-end listing amount of allowance, with reminder that although amount is exempt from federal and local taxes, housing allowance is taxable in PA **and** SECA must be paid on the housing allowance.

PAYROLL OVERVIEW

- Parishes are strongly encouraged to either have the diocese process their payroll through CPG's Episcopal Payroll Service program OR use an outside payroll processing company for payroll and payroll taxes.
- The Diocese offers payroll processing through CPG's Episcopal Payroll Services program for parishes with 5 employees or less paid on a monthly basis. Payroll is processed through ADP at a very minimal cost to the parish (cost ranges from \$25 to \$250 per year for our smallest to medium-sized parishes). For more information, please contact Chris Napoli to determine if they can assist you with your payroll service needs:

Chris Napoli at Christopher.napoli@adp.com

If you are already an ADP customer, you can contact them at:

(844) 209-9636 (WorkForce Now users)

(866) 989-0196 (Run users)

If you are having difficulty navigating ADP, please feel free to contact them at

admin-assist@cpg.org or (855) 215-5990.

PAYROLL OVERVIEW

- Forms required for employees:
 - IRS Form W-4 for federal income tax withholding
 - IRS Form I-9 for Employment Eligibility Verification
 - Local Income Tax or Local Service Tax forms, including exemption form for Local Service Tax if it is deducted by more than one employer or if employee makes less than \$12,000 per year
 - Clergy are exempt from LST. Contact Marlene Rihn for details.
- W-2's/W-3 for clergy and lay employees
- Form 941 Employer's Quarterly Federal Tax Return (or annual Form 944 if IRS notifies parish that quarterly filing is no longer required)
- When paying supply clergy for more than 3 Sundays (\$600 or more), a 1099-NEC must be issued for the year.

PAYROLL OVERVIEW

IRS Form W-2

- **Box 1** federal wages should include gross pay **less** cash housing allowance, 403(B) RSVP contributions, and contributions to HSAs. Box 1 should also include imputed value of Life Insurance provided for clergy (amount reported to parishes annually in December), imputed value of health insurance for children aged 26 or over, and imputed value of clergy's personal use of auto provided by parish.
- **Boxes 3 and 5** (SS and Medicare) Wages for clergy should be zero. Clergy are employees for federal income tax purposes; but clergy are always **considered self-employed for Social Security** purposes.
- **Box 16** state wages **should** include clergy cash housing allowance. (PA is only state that taxes clergy cash housing allowance.)
- **Box 18** local wages should include gross pay **less** cash housing allowance.

DENOMINATIONAL HEALTH PLAN HIGHLIGHTS

- For 2023, requires payment of Medical Premium Allowance (MPA) of \$1,000 per month (\$12,000 per year) for all qualified clergy and lay employees working at least 1,500 hours per year (30 hours per week).
 - If employee elects a Consumer Directed Health Plan (CDHP) with Health Savings Account (HSA), the \$124 monthly difference in cost (\$1,488 annually) between CDHP premium and MPA must be provided through an employer contribution to the HSA.
- Employees working between 1,000 and 1,499 hours per year (20 – 29 hours per week) are eligible to purchase medical insurance through CPG, although employers are not required to pay for this coverage.
- Cost-sharing options, in which the employee contributes a portion of the premium cost, may be implemented only if there is equal cost-sharing for both clergy and lay employees.
- Dental insurance is not required by the DHP.

DENOMINATIONAL HEALTH PLAN HIGHLIGHTS

- Employee cost sharing payroll deductions or contributions to HSAs may only be deducted on a pre-tax basis if employer (parish) has completed the required paperwork to make their plans Section 125 Cafeteria Plans.
- For new employees, the *Employee Group Medical and Dental Enrollment Form* must be completed, signed, and submitted to diocese within 30 days of hire.
- In subsequent years, medical insurance enrollment is limited to the designated annual enrollment period unless there is a qualified life event.
 - For changes in family status, the *Employee Group Medical and Dental Change Form* must be completed within 30 days of the change or during a future annual enrollment period.
- Enrollment and change forms should be sent to Elaine Zevkovich for entry into CPG's MAP (My Admin Portal) benefits system.

HEALTH SAVINGS ACCOUNTS (HSAs)

- Bishop Ketlen contributes \$500 to each employee's HSA.
- Employee contributions to HSA may be processed on a pre-tax basis (if required paperwork for Section 125 Cafeteria Plans has been completed).
- Both employer and employee contributions to HSA must be included in Box 12 on the employee's W-2 and marked with Code W.
- Contributions to HSA remain in the employee's account until they are used. (i.e., funds can be saved for future use.)
- HSA is portable, meaning it is the employee's even if the employee changes employers or leaves the workforce.
- Separate HSA Fact Sheets for administrators and members (employees) are available on CPG's website.

HEALTH SAVINGS ACCOUNTS (HSAs)

- 2023 HSA combined contribution limits per IRS are \$3,850 for individual and \$7,750 for family. Employees age 55+ by year-end may make an additional contribution of \$1,000.
- Employer contributions to HSA must be “comparable” for similarly-situated employees. Each employer is responsible for defining its own contribution strategy, ensuring it meets IRS requirements, and communicating the strategy to employees.
- “Comparable” employees have the same category of coverage (e.g., individual, individual + spouse, family) and the same category of employment (e.g., part-time, full-time) .
- Contributions to HSA are “comparable” if they are the same amount or if they are the same % of the annual deductible.

CLERGY BENEFITS OVERVIEW

- Short-term and long-term disability insurance is provided by CPG for clergy with the cost of the insurance covered by the 18% pension assessment.
- Short-term disability insurance for clergy begins after 14-day elimination period and provides benefit of up to 70% of the clergy's total compensation, capped at \$1,000/week for maximum of 24 weeks (which accounts for 2-week elimination period), to employer while the clergy recovers (if the parish continues to pay clergy 100% of salary). Elimination period is waived for maternity benefits paid for 12 weeks after date of delivery.
- Long-term disability insurance for clergy begins when short-term disability ends and continues until the employee can work again, or for a maximum of two years. The Continuation of Benefit on Total Disability for active employees under the age of 60 is provided under the Group Life Insurance Benefit.

LAY DISABILITY INSURANCE

- CPG offers Short-term and Long-term disability insurance benefits for lay employees at an additional cost to the parish or employee through AFLAC.
- Short-term disability insurance for lay employees replaces lost income for either 13 or 26 weeks if disability continues more than 14 days. The employee receives up to either 60% or 66.67% of base pay (maximum \$1,500 per week) for up to either 11 or 24 weeks depending on plan.
- Long-term disability insurance for lay employees begins when short-term disability ends and continues until the employee can work again, or until reaching age 65. Benefit is paid to employee at various percentages of pre-disability monthly income not to exceed \$5k or \$7.5k per month, depending on plan chosen.

DIOCESAN ASSESSMENT

- Parish assessments are calculated by taking the lower of:
 - the most recent year's normal operating income (NOI)
 - the average of the past 3 years' NOI from parochial reports.
- The first \$35,000 of NOI is assessed at 5%, and NOI exceeding \$35,000 is assessed at 11%.
- For parishes wishing to contribute to the Growth Fund, the Growth Fund assessment is 7% of the total parish assessment.
- Annual parish covenants are due by December 31 of the previous year.

Note: The diocese pays an annual assessment of 15% to The Episcopal Church.

BUDGET OVERVIEW

- “A budget is a guide that tells the story of how the organization plans to generate and spend money over the course of a year. A financial budget shows revenue sources and amounts anticipated to be received and expense categories and amounts to be spent in those categories.” (*ECF Finance Resource Guide, p. 81*)
- Budget should be based on mission and ministries of parish and updated annually.
- An approved budget serves as authorization to expend funds for the purposes allocated within it. Expenses should not exceed the budget without Vestry’s prior approval.
- All changes to the budget should be approved by Vestry and included in the minutes of Vestry meeting.
- Vestry establishes timeline for the budget process and stewardship campaign.
- Finance Committee or Treasurer drafts preliminary budget to present to Vestry, including prior year actual results.
- Vestry presents adjusted, Vestry-approved budget to congregation at annual meeting.
- Approved budget is integrated into monthly financial statements presented to Vestry at regular meetings, with explanations of variances between budget and actual results.

GRANT AND LOAN PROGRAMS

- The *Parish Guide to Grants and Loans* is available on the diocesan website. It is broken into 6 sections, providing grant and loan sources for:
 - Building Projects
 - Mission
 - Clergy Education and Training
 - Other Types of Clergy Support
 - Books and Related Materials
 - Historical Projects
- **Parish Mission Grant (up to maximum of \$5,000):**
 - Helps fund parish initiatives aimed at enhancing evangelism and mission through person-to-person interaction with those the parish seeks to serve.
 - Helps fund parish digital ministry initiatives aimed at using digital technology in the advancement of the Church's mission to love, teach, and heal.
- **Formation for Mission Grant:** Helps fund lay and clergy participation in education and training to prepare them for meaningful, hands-on mission.

GRANT AND LOAN PROGRAMS

- Grants available for building projects include:
 - **Diocesan Growth Fund**
 - Grants typically up to \$15,000. Awarded throughout year as applications are rec'd.
 - **The Advancement Society**
 - Grants up to \$10,000. Awarded in January, May, and October.
 - **Pittsburgh History & Landmarks Foundation**
 - Grants up to \$10,000. Awarded in February.
 - **Keystone Historic Preservation Program**
 - Grants up to \$25,000.

AUDIT REQUIREMENTS AND PROCESS

- Diocesan Canon XVII, Section 5 requires all accounts of parishes to be audited annually by an independent Certified Public Accountant, independent Licensed Public Accountant, or such audit committee as shall be authorized by the Diocesan Finance Committee.
- The primary purpose of an audit is to ensure that financial statements are fairly stated. An audit protects employees and/or volunteers handling church finances from suspicion of mishandling church assets.
- The scope of audit is to verify accuracy of financial statements, test at least 10% of transactions, and review internal control practices.
- Rectors, Vestries, Treasurers, and others in positions of responsibility may be liable for losses that could have been discovered by an audit but were not discovered because they failed to have an adequate audit performed.
- A parish audit committee may consist of two or more individuals; its typical size is three.

AUDIT REQUIREMENTS AND PROCESS

- Audit committee members ...
 - Should be independent of the decision making and financial record keeping functions of the parish.
 - Should not be related to anyone carrying out these functions.
 - Should not include the bookkeeper or treasurer, nor anyone with the ability to sign checks.
 - Should include at least one person with sufficient financial skills and experience to conduct a competent audit. This person should direct the others in their duties.
 - Must acknowledge that information is confidential and commit to maintaining that confidentiality.
- Refer to the *Parish Audit by Committee Manual* for audit procedures and required checklists. Chapter VI of the *Manual of Business Methods in Church Affairs* also has specific instructions for parish audits.

AUDIT REQUIREMENTS AND PROCESS

- Audit-related forms to be completed by each parish include:
 - *Audit Committee Qualifications* – Must be submitted prior to beginning the audit, and no later than **May 1**. The individual completing this form will be notified by the Diocesan Finance Committee regarding approval of the parish audit committee if not using a CPA firm.
 - *Audit Committee Certificate, Audit Committee Findings Form and Audit Worksheet*– Must be approved by the parish's Vestry and Clergy-in-Charge. Both documents, along with required audit documentation and the audited financial statements, should be submitted to the Diocese within 30 days of the audit's completion, and in no case later than **September 1**.
 - *Parish Audit Checklist and Financial Statements* – Must be submitted along with final audit package no later than **September 1**.
- Notify Elaine Zevkovich if you must request a volunteer Audit Committee or you are interested in serving as an audit volunteer. We need more volunteers ... so please consider serving in this way!
 - Time commitment: about three hours to complete the audit of a small parish

PAROCHIAL REPORTS

- Parochial Report information is emailed to parishes in January.
- Reports should be completed online at *reports.dfms.org* by March 1.
- Contact diocesan staff with questions about accessing the online system and completing the report.

IRS/TAX REQUIREMENTS

- CPG publishes the following helpful resources each year. Both may be found on its website (cpg.org).
 - Federal Reporting Requirements for Episcopal Churches
 - Tax Guide for Episcopal Ministers
- For clergy or other miscellaneous tax questions, parish administrators and clergy may contact CPG's Clergy Tax Hotline:
 - (877) 305-1414 – Nancy Fritschner
 - (877) 305-1415 – Mary Ann Hanson

Note: It is recommended that all clergy seek assistance from a professional CPA when filing their taxes.

IRS/TAX REQUIREMENTS

- EDP parishes have federal tax-exempt status under The Episcopal Church's umbrella. The group tax exemption number is GEN 3741, and TEC's EIN number is 31-1629166. Contact Elaine Zevkovich for documentation to prove your parish's 501(c)(3) status.
- Churches, regardless of size, are generally exempt from filing Form 990, 990-EZ, or 990-N unless they have Unrelated Business Income Tax.
- Parishes' PA Sales Tax Exemption Certificates are good for 5 years and will expire in March 2025. The diocese is responsible for filing the paperwork to renew the Exemption Certificates for all EDP parishes.
- The following disclaimer is required on all contribution statements:
"[Parish Name] is a 501(c)(3) non-profit organization, federal tax ID #[00-0000000]. No goods or services, other than intangible religious benefits, have been provided in consideration of this donation."

IRS/TAX REQUIREMENTS

- Form 1099-NEC **must** be filed when payments of \$600 or more per year are made to an unincorporated independent contractor – that is, one who is a sole proprietor or member of a partnership or LLC. It is the responsibility of the parish to make sure 1099-NECs are properly filed for contractors, attorneys, caterers, musicians not considered to be employees, etc.
- It is the general practice of the Diocese and of The Episcopal Church not to issue 1099's for grants, either for scholarships or for emergency medical or other relief purposes.
- A 1099 is not required for missionary support made directly to an individual who is not a U.S. citizen.

INSURANCE

- TEC Canon 7: Sec 1 (g) states, "All buildings and their contents shall be kept adequately insured."
- TEC publishes a list of minimum insurance requirements. If covered under Church Insurance, parishes are guaranteed that their insurance coverage meets the minimum requirements.
- Church Insurance reminds parishes to **always** request proof of insurance (liability and property) from contractors and sub-contractors.
- 4 of 33 EDP Parishes purchase their Property/Liability Insurance from companies other than Church Insurance. Church Mutual and Brotherhood Mutual are the companies used. Parishes electing to obtain insurance coverage through another company ...
 - Must check to ensure their insurance meets the minimum requirements.
 - Should obtain competitive bids annually.
- Parishes insured by Church Insurance should also consider getting competitive bids every now and then to see how they compare.

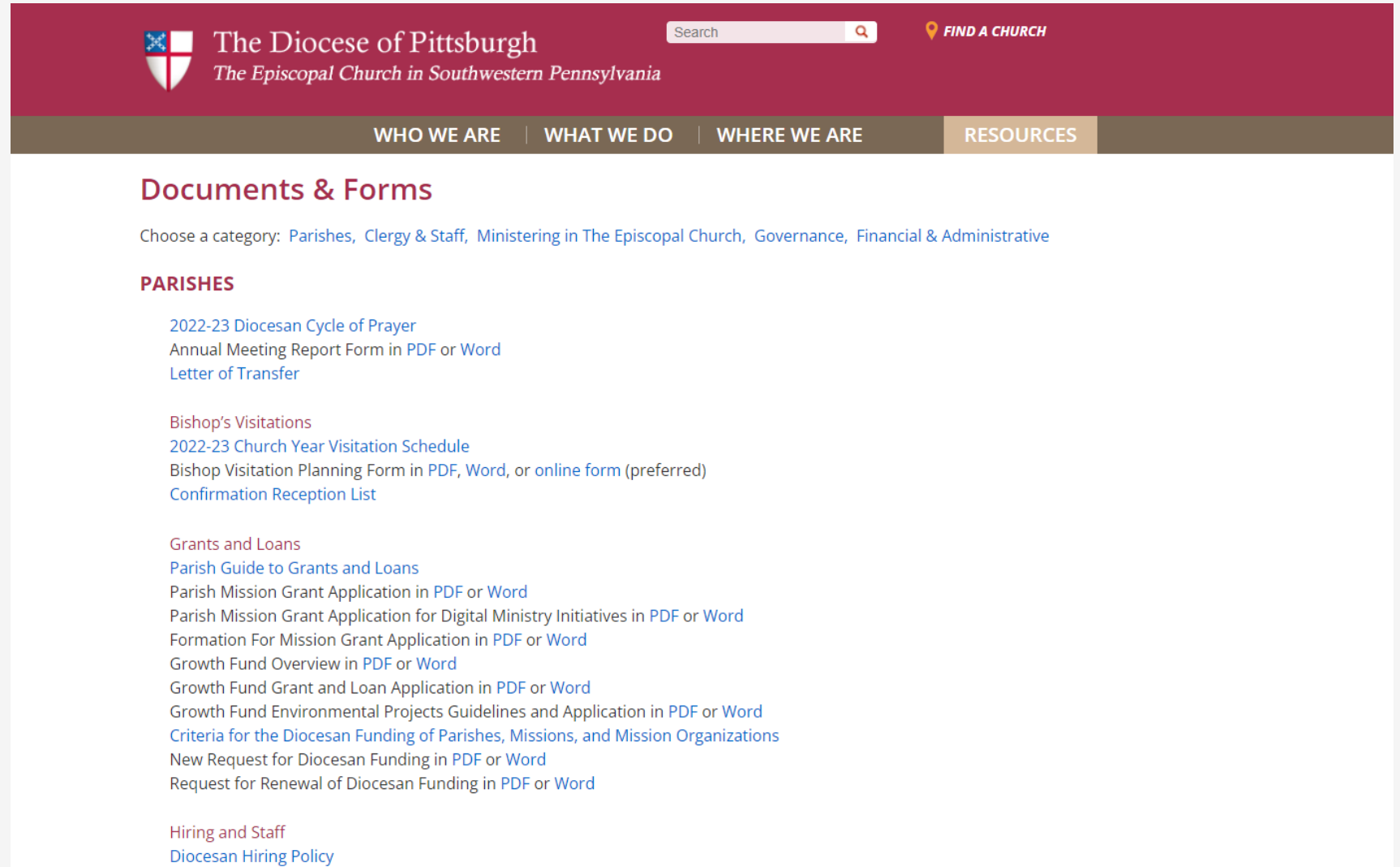
INSURANCE

- Flood insurance is included in Church Insurance's commercial package policy; separate flood insurance is not required.
- Church Insurance's coverage now includes Cyber Liability coverage which is especially important given increased efforts to scam churches.
- Parishes that hold events where alcohol is served, or that hold events at a venue other than the church, should submit a Certificate of Insurance Request Form to Church Insurance.
 - In most cases, a Certificate of Insurance will be issued at no charge.
- Church Insurance includes a \$50,000 blanket fidelity bond that covers all employees and volunteers working for a parish. This protects the parish if the treasurer, money counters, other volunteers, etc. embezzle funds up to \$50,000.


DIOCESAN RESOURCES


Using the Diocesan
Website:


episcopalpgh.org



The screenshot shows the website for The Diocese of Pittsburgh. The header is maroon with the diocese logo and name on the left, a search bar in the center, and a 'FIND A CHURCH' button on the right. Below the header is a navigation bar with four items: 'WHO WE ARE', 'WHAT WE DO', 'WHERE WE ARE', and 'RESOURCES' (which is highlighted). The main content area is titled 'Documents & Forms' and includes a link to 'Choose a category: Parishes, Clergy & Staff, Ministering in The Episcopal Church, Governance, Financial & Administrative'. Under the 'PARISHES' section, there are three sub-sections: '2022-23 Diocesan Cycle of Prayer' with links for 'Annual Meeting Report Form in PDF or Word' and 'Letter of Transfer'; 'Bishop's Visitations' with links for '2022-23 Church Year Visitation Schedule', 'Bishop Visitation Planning Form in PDF, Word, or online form (preferred)', and 'Confirmation Reception List'; and 'Grants and Loans' with multiple links for various grant and loan applications and funding criteria. A final section for 'Hiring and Staff' includes a link for 'Diocesan Hiring Policy'.

 The Diocese of Pittsburgh
The Episcopal Church in Southwestern Pennsylvania

Search 

 FIND A CHURCH

WHO WE ARE | WHAT WE DO | WHERE WE ARE | **RESOURCES**

Documents & Forms

Choose a category: [Parishes](#), [Clergy & Staff](#), [Ministering in The Episcopal Church](#), [Governance](#), [Financial & Administrative](#)

PARISHES

[2022-23 Diocesan Cycle of Prayer](#)
[Annual Meeting Report Form in PDF or Word](#)
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[2022-23 Church Year Visitation Schedule](#)
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[Confirmation Reception List](#)

[Grants and Loans](#)
[Parish Guide to Grants and Loans](#)
[Parish Mission Grant Application in PDF or Word](#)
[Parish Mission Grant Application for Digital Ministry Initiatives in PDF or Word](#)
[Formation For Mission Grant Application in PDF or Word](#)
[Growth Fund Overview in PDF or Word](#)
[Growth Fund Grant and Loan Application in PDF or Word](#)
[Growth Fund Environmental Projects Guidelines and Application in PDF or Word](#)
[Criteria for the Diocesan Funding of Parishes, Missions, and Mission Organizations](#)
[New Request for Diocesan Funding in PDF or Word](#)
[Request for Renewal of Diocesan Funding in PDF or Word](#)

[Hiring and Staff](#)
[Diocesan Hiring Policy](#)

TOP EIGHT ITEMS EVERY TREASURER SHOULD KNOW

1. Parish Vestries must adopt the required paperwork for a Section 125 Cafeteria Plan for employees to make pre-tax contributions towards co-pays for medical insurance or contributions to Health Savings Accounts.
2. Parishes must approve Accountable Reimbursement Plans in order to reimburse employees for church-related expenses on a tax-free basis.
3. Clergy Discretionary Accounts **must** be audited along with all other parish bank accounts during the year-end audit.
4. Mileage paid to Supply Clergy is taxable and should be included in Box 1 of 1099-NEC or in Box 1 of W-2.



TOP EIGHT ITEMS EVERY TREASURER SHOULD KNOW

5. All states **except Pennsylvania** allow the clergy's cash housing allowance (e.g., housing expenses) to be tax-free compensation. Make sure your parish is withholding 3.07% on the full amount of the clergy's compensation, and that your clergy (and their tax accountants) know that PA taxes housing expenses.
6. Clergy housing allowance is also taxable for SECA tax when clergy file quarterly self-employment tax returns.
7. Moving expenses paid to (or on behalf of) clergy are taxable to the IRS and must be reported in the clergy's Box 1 wages.
8. Liability Insurance Policies must be retained in your parish's Permanent Files. Retain these inactive policies forever for protection against future claims from employees, volunteers, or other injured parties.

QUESTIONS AND CONCERNS

