

Help For Parish Treasurers

The following topics may be of help to a parish treasurer. Any suggestions for topics to cover, should be sent to the Diocesan Treasurer.

Please refer to the “Clergy and Non Clergy Compensation” topic under the Resources tab for Clergy compensation recommendations as well as income reporting requirements for Clergy, employees, and vendors.

Refer to the “Parish Financial Reporting” topic for suggestions on how finances should be reported to the parish council and parishioners.

Refer to “Examples of Forms W-2s, 941s and 1099s” under the Resources tab for specifics on how to fill out these forms.

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ACCOUNTABILITY FOR NON-PROFIT ORGANIZATIONS

The following statements are taken from a white paper (April 2005, Blackbaud, Inc) on accountability for non-profit organizations:

“Accountability is all about being answerable to those who have invested trust, faith and money in (your parish). Nonprofits must be accountable to multiple stakeholders, including private and institutional donors; local, state, and federal agencies; volunteers; program recipients; and the public at large.

There are three components to accountability – financial and regulatory compliance, stewardship, and donor trust. To establish accountability across an organization, every department must both comply with nonprofit financial standards and demonstrate to key stakeholders that it has put in place the system and oversight needed to manage funds. When problems arise, nonprofits need to acknowledge them, fix them, and move on.

While the U.S. Senate is looking at legislative options to strengthen nonprofit accountability, states have not been sitting on the sidelines. Most notably, California’s Nonprofit Integrity Act imposes new financial requirements on nonprofits, including that audits be available to the public and that each nonprofit ‘establish and exercise control over its fundraising activities conducted for its benefit, including approval of all contracts and agreements.’

To translate accountability principles into action, nonprofits have to translate these principles into actionable items.

- Establish an audit committee.
- Ensuring auditor communication with the board
- Defining organizational policies and monitoring compliance (see
- DOW Financial Policies and Accounting Procedures Manual (v5.00))
- Reporting finances
- Establishing Internal Controls
- Providing for whistle blowers
- Public disclosure”

SIGNATURES ON CHECKS

The parish council must designate the signers on all parish accounts. The minutes of that parish council meeting must reflect those approved to sign. The rector is not required to be one of the signers. Though the parish may require two signatures on a check, be advised that many banks no longer require or even verify that two signatures are present. Thus having two signatures on a check is an internal control.

CORPORATE IDENTIFICATION NUMBERS

In order to file federal employer tax forms, your parish will need an Employer Identification Number (EIN). To receive the benefits of a federal tax exempt organization, your parish will need a 501(c)(3) Non-Profit Number. To find the filing requirements for a nonprofit corporation, you must check the web page for your state government.

The EIN Number

Every parish in the Diocese of the West should have their own Employer Identification Number (EIN). This number is required by banks when a parish wishes to open an account. This number is also required when submitting Forms W2, W3, 1099, and 1096 to the IRS.

No parish should be using the Diocese's EIN or the EIN of any other parish.

The EIN is a nine-digit number that has this format: NN-NNNNNNN. This number is NOT a "tax exemption number", and is NOT related to your nonprofit religious corporation status. It does identify your parish uniquely to the IRS as well as banks. You may obtain an EIN by submitting an Online Form SS-4 to the IRS or printing and submitting a Form SS-4.

The 501(c)(3)

The 501(c)(3) number is the Federal "non-profit" or "tax exemption number" that banks require. A parish may obtain its own number or it may petition the Orthodox Church in America (OCA) to allow it to be covered under its group exemption.

To apply for inclusion under the OCA's exemption, the parish must submit the following items to the Secretary of the OCA:

1. A copy of the parish's Articles of Incorporation
2. A copy of the Parish's Employee Identification Number (EIN)
3. A copy of the parish's By-Laws
4. A completed "letter of consent" from the parish requesting inclusion in the OCA Group Exemption Roster.

These items must be submitted to:

The Orthodox Church in America
PO Box 675
Syosset, NY 11791-0675

When the above items are received, the OCA will add the parish's name to the roster and will provide a copy of the letter from the IRS affirming that the Orthodox Church in America is a not-for-profit parent organization qualifying for tax exemption from federal tax under Section 501(c)3 of the Tax Code. This letter also includes the four-digit Group Exemption Number (GEN) the IRS has assigned to the Orthodox Church in America that should be added as a suffix to the parish's corporate EIN

You may obtain your own 501(c)(3) by filing federal Form 1023.

State Identification Numbers

The following information applies to parishes in California.

California Corporation Number

After filing its Articles of Incorporation with the Secretary of State, the nonprofit corporation should apply for tax-exemption from California corporate franchise tax by mailing an Exemption Application (FTB Form 3500), along with an endorsed copy of the Articles of Incorporation and all other required supporting documentation, to the Franchise Tax Board, P.O. Box 942857, Sacramento, California 94257-4041. Form 3500 can be accessed from FTB's website at www.ftb.ca.gov. The parish will file its first Statement of Information (List of Officers) and be assigned a California Corporation number (CNNNNNNN).

EDD Employer Account Number

If a parish has non-clergy employees, or clergy employees who want California income tax withheld, then the parish must register for an account number with the Employment Development Department.

Sellers Permit

A parish bookstore should apply for a seller's permit from the Board of Equalization of the State of California to report sales tax from the sale of bookstore items. The parish must file sales and use taxes.

Religious organizations' sales and purchases of goods and merchandise other than food are generally taxable. If your religious organization holds or participates in fundraising events where you sell goods and merchandise, such as auctions, festivals, bazaars, firework stands, swap meets, or craft shows, your sales of nonfood items are generally taxable. Tax also applies when you sell from a church bookstore, from tables in your church at events, by Internet, or mail order. (BOE Pub18)

REPORTING TO THE STATE OF CALIFORNIA

Each state has different reporting requirements. If your parish legal address is not in the State of California, please check with the appropriate state government web site.

Statement of Information

A Statement of Information (Form SI-100) is required to be filed with the Secretary of State within 90 days after filing the Articles of Incorporation and biennially thereafter during the applicable filing period. The applicable filing period is the calendar month during which the initial Articles of Incorporation were filed and the immediately preceding five calendar months. The required statement can be filed online at <https://businessfilings.sos.ca.gov/>. Alternatively, Form SI-100 is available on the website at www.sos.ca.gov/business/be/statements.htm and can be viewed, filled in and printed from your computer for mailing.

Reporting a New Employee

All employers are required to file a report of their new or rehired employees to the Employment Development Department (EDD) within 20 days of their start of work date. Complete Form DE 34, Report of New Employees, and mail to EDD MIC23, PO Box 997016, W. Sacramento, CA 95799-7016. To order form DE 34, call (916) 657-0529 or visit the EDD Web Site.

Reporting Independent Contractors

Any entity that is required to file a federal form 1099-MISC for service performed by an independent contractor must report specific information to the Employment Development Department (EDD). Information must be reported within 20 days of either making payments totaling \$600.00 or more, or entering into a contract for \$600.00 or more with an independent contractor in any calendar year, whichever is earlier. Use form DE 542 to report this information. To order form DE 54, call (916) 657-0529 or visit the EDD Web Site to file electronically.

REPORTING TO THE DIOCESE

Refer to the "Parish Financial Reporting" topic for suggestions on how finances should be reported to the parish council and parishioners.

When to Send, What to Send

- Monthly, by the 15th of the following month, the Income/Expense Report and the calculated parish assessment is sent to the Diocesan Office.
- Annually, by January 31 – Annual Financial Report for the Previous Year. The information from this report is used to assess the quality of financial reporting to the parish and to reconcile monthly assessment reporting with the final report. One copy is sent to His Eminence at the Diocesan Office, the other to:

Office of the Treasurer
Diocese of the West
1520 Green St
San Francisco, CA 94123-5102

- Annually, in September for publication in the Diocesan Assembly Delegate Report Book – Parish Membership Count as of September 1 of the current year. Sent as part of the parish report to the Diocesan Office.
- Annually – Parish Member and Non-Member Mailing list sent to Administrative Assistant at the Diocesan Office.

Parish Assessment

The parish treasurer is responsible for sending the parish assessment and the Current Month Income/Expense Report to the office of The Diocese of the West on a monthly basis. The parish assessment is used to cover the operating expenses of the Diocese. The Diocese will send 34% of its own operating income to the Orthodox Church in America.

The procedure for filling out the Current Month Income/Expense Report is defined by policy. The report shall contain only the income and expenses for the reporting month and not year-to-date data. The Diocesan Treasurer will inform parishes of their current year assessment percentage.

Click here to read the policy for calculating your parish's monthly assessment. **Click here** to get a blank Current Month Income/Expense Report. The latter report does not contain any parish's current year percentage.

RECORDING INCOME

Counting, Making Deposits, and Tracking Donations

A process that protects the counters and reduces the chance of theft should control counting cash donations. I recommend that the plate donations be stored in a secure area as soon as possible after the collection has been taken. The collection should be kept secure until the counters are ready to begin their task.

Two people should always count the checks and cash received from the plate collections. The parish treasurer should not be one of the counters. If possible, counters should be scheduled in advance for this task.

As the envelope and check donations are counted, the amounts and category of the donation should be noted next to the donor's name. Several copies of a list of parish members and donor names can be made available to the counters. One copy of the list can be filled in manually. If the list is an electronic spreadsheet, setting up automatic totals will help confirm the amounts received and to be deposited.

One of the counters or another assigned parishioner should deposit the funds in the bank as soon as possible.

Acknowledging Donations

Most parishes send end-of-the-year statements to members. This is a good practice because it is another way of confirming that donations have been received and properly recorded. In addition, however, all individual donations of \$250 or more must be individually acknowledged by a letter stating that the donor has not received any goods or services for the donation. The donor must receive this letter prior to filing an income tax return for the year in which the donation was made.

PAYING BILLS AND MAKING REIMBURSEMENTS

Parishes should use checks that have an attached voucher or create a carbon copy of the check. When the treasurer has written a check to pay an invoice, the invoice should be stapled to the check voucher or copy of the original check.

A parish should not reimburse anyone for any unsubstantiated expenses or expenses incurred without the consent of the parish council. The parish should provide an Authorization for Expenditure Form to anyone who expects to be reimbursed for a purchase.

All checks and substantiating materials should be filed by month in a file folder. Copies of deposit slips or receipts for bank deposits for the month should also be kept in that folder along with bank statements received for the month. The treasurer should provide the file folders for the year to the auditing committee in January of the following year.

CALENDAR FOR TREASURERS

January 31 – Parish Financial Reports for prior calendar year sent to Diocesan Treasurer

February 28 – Submit To Social Security Administration “Copy A” of each prior year’s W-2 Form issued to employees along with a W-3 transmittal form.

February 28 – Submit to the IRS “Copy A” of each prior year’s 1099-Mis form issued to self-employed persons along with a 1096 transmittal form by this date.

September 1 – Submit Fair Share Membership with parish report for Diocesan Assembly Delegate Report Book.