

**Financial Regulations**

**And**

**Directives**

**Of the Eparchy of Newton**

Applicable to  
Parishes, Missions and  
Institutions

(Revised December 15, 2006)

Office of the Economos  
Diocese of Newton  
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## FINANCIAL REGULATIONS OF THE EPARCHY

Dedicated to serving God through the discharge of the task assigned to them, priests are worthy of receiving a just recompense. For “the laborer deserves his wages”, (Luke 10:7) and the Lord directed that those who preach the Gospel should have their living from the Gospel (1 Cor. 9:14). Hence, where a fitting recompense of priests is not otherwise provided for, the faithful themselves are bound by a genuine obligation to see that the needed means can be procured for the priest to lead a respectable and worthy life. First, it is in behalf of the welfare of the faithful that the priest labors. Depending on the nature of the office itself and the conditions of place and time, the recompense should be fundamentally the same for all those cooperating in the same circumstances according to the norms that follow. It should also enable them to give assistance to the needy. From her earliest beginnings, the Church has always this ministry toward the poor in high regard (Priestly Life and Ministry, No. 20, 1&3).

It is in accordance with the rules of equity and justice and in conformity with Vatican II that the regulations of the salaries of priest were decided upon and went into effect on January 1, 1972.

## I - PRIESTS COMPENSATION

1. All parish priests, whether pastors or assistants, shall receive payment for salary based on the current fiscal year's salary schedule. In accordance to the Internal Revenue laws Priests basic salaries should be reported on form W-2.
2. It is the policy of the Diocese of Newton for the Melkites in the United States of America, Inc. to reimburse its bishops and the pastors and administrators of its parishes, missions and institutions the full amount of federal self-employment tax (i.e. Social Security tax and Medicare tax for the self-employed) paid in the previous calendar year, said amount to be included as part of the Wages Earned on the annual W-2 statement issued to each individual and entered in the Quarterly report under "Parish Priest" or "Other Priest".
3. A current amount per month for life/health/dental/vision/disability insurance shall be paid to the Insurance Carrier designated by the Diocese for each priest assigned to work in the Diocese by those responsible for paying his salary. This amount is reported under "Insurance" on the Quarterly Report. The priest must ensure that payments are made upon receipt of the invoice. Failure to make payments could result in the forfeit of the coverage.
4. The Diocese of Newton for the Melkites in the United States of America, Inc. has a qualified accountable business expense reimbursement plan for its bishops and the pastors and administrators of its parishes, missions and institutions. This plan requires an accounting, on a quarterly basis, of the date, amount and business nature of each expense to be reimbursed as well as the return of any unused allowance (i.e., reimbursement) for that period.
5. Kitchen/food expenses of the priest and/or parish house are reimbursed from the parish account, upon proper documentation (e.g. receipts), and are to be entered in the account book under expenditure "Household". Further, upon proper documentation, a priest will be reimbursed for ministry related expenditures.
6. An annual premium in an amount as determined by the (Insurance committee) or (trustees) or (retirement board) of the pension plan after consultation with plan actuaries or other consultants shall be paid to the Clergy Retirement Fund for each priest assigned to work in the diocese by those responsible for paying his salary. This payment may also be made monthly. It is reported under "Retirement Benefits" in the Quarterly Report.
7. All offerings given for baptisms, weddings, funerals, and house blessings are to be deposited to the parish account and reported as "Stole Offerings". Further, all stipends for Sunday Divine Liturgies and Memorial Liturgies are to go to the parish account, "Stole Offerings" income. The priest is allowed \$5.00 per intention; however, the amount shall not exceed \$10.00, regardless of the number of intentions.

8. Automobiles are to be bought by the individual priest, registered in his name --- All paid from his personal funds. The state tax charged at the time of purchasing an automobile is to be paid by the priest. The state automobile registration fee is to be paid by the parish or those responsible for his salary and recorded as a "Transportation Expense" in the Quarterly Report. Adequate auto insurance should be carried and the premiums as well as any subsequent annual excise or property tax on the auto are to be paid by the parish or those responsible for his salary and are also reported as a "Insurance Expense: Car". In the event of an auto insurance claim, the deductible is to be paid by the parish or those responsible for his salary. This is again reported as "Transportation" expense.
9. The priest's vacation consists of a period of three weeks including any two of the three Sundays, and the Monday-through-Saturday of the weeks following Christmas and Easter. The Eparch should be notified of the dates, and the name of the replacement priest.
10. A priest's travel expenses incurred in attending the Annual Clergy Conference, Annual Clergy Retreat and Annual Melkite Convention are to be paid by the parish of those responsible for paying his salary.
11. When a priest is assigned or transferred to a parish, his travel and moving expenses are to be assumed by that parish and reported under "Transportation" or "Miscellaneous."

## **II PARISH FINANCE COUNCIL**

1. Every parish must have a Finance Council according to Canon Law and the general norms of the Diocese. The Finance Council must be composed of at least five parishioners in good moral standing.
2. The Parish Advisory Council may serve as the Finance council. However, if the Parish Advisory Council does not serve as the Finance Council, then it elects 2/3 of the Finance Council. The Pastor shall appoint 1/3 of the members of the Finance Council.
3. The Finance council must meet at least quarterly to review the financial operations and conditions of the Parish (e.g. budgets, income and expense, assets and liabilities)

## II GENERAL REGULATIONS

1. In order to provide adequate operating funds for the general needs of the diocese and seminary, every parish is assessed eleven percent (11%) of its gross income, excluding “Candle Supplies” and “Diocesan Collections & Funds”. Parishes may make application to have approved Building Fund collections exempt from assessment. As a condition of such an exemption the parish must agree that during any period in which the Building Fund exemption is in effect the assessment on non-exempt income will be 11% of such income or 103% of the prior year whichever is larger. Parishes may maintain a non-assessable charitable account. This must be authorized by the Eparch. The parish cannot keep more than \$1,000 in this account. The parish must present the Diocese with a separate financial report reporting all the charitable activities of such an account.
2. The above assessment is based on the year end totals shown on the fourth Quarter Financial Report supplied by the office of the Economos.
3. Payment of assessments is done on a monthly basis. The fiscal year begins on October 1 and ends on September 30.
4. An Annual report on the pastoral and financial activities of the parish shall be required. An Updated parish census list shall also be submitted annually to the Eparch.
5. Any unusual **or non-recurring** parish expense exceeding the amount of \$10,000.00 requires the written permission or authorization of the Eparch. Capital expenditures in excess of \$30,000 require specific information and requirements.
6. All special collections taken up in churches at the direction of the Eparch shall be sent to the Office of the Economos within Fourteen days for distribution to the proper recipients. The collections are as follows:
  - a- **Missions** (Propagation of the Faith), second to last Sunday in October.
  - b- **Holy Father**, Sunday in June closest to the Feast of Sts. Peter and Paul.
  - c- **Holy Land**, any Sunday of Great Lent or Great and Holy Friday
  - d- **Home Mission**, on the last Sunday in April.
7. No parish shall have more than one checking account nor more than one savings account, unless authorized by the Eparch. The name of the banks for all accounts shall be recorded on the Quarterly report, together with the amounts on deposit. Interest earned on any account is to be reported in the “Interest Income” section of the Quarterly Report.

8. The parish checking and saving accounts shall include the name “Diocese of Newton for the Melkites in the USA, Inc.” in its title. The checking account shall bear the signature of the pastor. Parish savings accounts shall bear the signatures of the pastor and the parish financial secretary. These accounts are to bear the Employer’s Identification Number (EIN) assigned by the Internal Revenue Service for that particular location and on file in the office of the Economos.
9. All Parish societies and organizations shall bear the name of the parish, mission or institution on all of their financial accounts. Absent any exemption from the Eparchy, none of the previously mentioned may maintain more than \$ 2,500.00 in their treasuries. Any and all surplus funds held in such accounts shall be transferred by check to the savings account by the 15<sup>th</sup> of the following month.
10. Any parish, mission or institution under the jurisdiction of the Diocese of Newton may not collect and/or distribute funds (nor on behalf of) other Eparchies or Dioceses or other institutions or persons, nor participate in or initiate any such outside collection requests without the consent of the Eparch. Further, no charitable donation can be made to any individual or institution outside the USA without the written permission of the Eparch of the Melkite Diocese of Newton. Similarly, no event can be sponsored on behalf of any individual or institution outside the USA without the written permission of the Eparch of the Diocese of Newton.
11. The law requires the church to send receipts for donations made to the church which are \$250 and above. It is mandatory that a good tracking record for donations be established and maintained for normal recurring parishioner’s donations, and a separate ledger be created for individual’s non recurring gifts that are made by non parishioners. The church should issue receipts for all donations by the end of each year for Income Tax purposes with a copy maintained in the church’s permanent files.
12. The Law prohibits political campaign activity by charities and churches by defining a 501 (c)(3) organization as one “which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.” For further information, check the recent publications by the IRS on the issue. Further, our Diocese prohibits our churches to sponsor any event on behalf of any (domestic or international) individual or political group.
13. Special attention must be made to Quarterly and End of Year Financial reports. These reports must be completed after each quarter and by the end of each fiscal year (9/30.) Further, Financial Reports must be on Income basis. All Income is assessable by the Diocese, except Diocesan Collections, Candle Supplies, and Money for an approved building fund. The figure used for assessment is that of the Gross Income. Therefore, expenditure for Church Operations must not be deducted from the Parish Income. Expenditures must be detailed separately as required by the Diocesan Financial Regulations. It is recommended to use the sample Quarterly Report sent quarterly to the parishes by the Diocese.

14. Any raffle by any church or other Diocesan entity must follow Federal and State procedures. Appropriate licenses and permissions must be obtained. Federal law requires reporting to the IRS usually on form W-2G with a copy to the winner of any prize (cash or value of property) in an amount of \$600 or above. Bingo winnings are only reported if more than \$1200. Prizes (cash or value of property) in excess of \$5,000 require withholding and remitting to the IRS 25% of the value of the winnings. With property prizes the withholding must be collected in cash from the winner before the prize can be remitted.
15. Our Diocese highly discourages gambling activities. The Diocese sees that such activities make the parishioners depend on an outside source that might be harmful to many people inside and outside the community. Further, proper paper and documentations have to be maintained and filed on regular basis with the State and Federal Government. Any misfiling could create a liability upon the Parish and, therefore, upon the Diocese. Parishes are highly recommended to consider implementing programs on Tithing and Stewardship instead of Gambling, as a secure and Christian way to maintain the church and to properly grow in the Lord.
16. It is a must that whoever contracts a job or does any kind of work such as but not limited to cleaning, snow plowing, etc. on the property of the church or by the church, be covered with insurance. Companies must present certificates of Liability and Worker's Compensation naming the church and the Diocese of Newton as additional insured. Otherwise, people must be legally hired by the church and must be covered, as per Federal Law, by Worker's Compensation Insurance.
17. The church must make sure that the Non-Church sponsored events such as but not limited to baptism parties and birthday parties that take place at the church hall be covered by Special Coverage Insurance.
18.
  - a. Churches must maintain good record keeping system for its files, invoices and other important documents.
  - b. Check books and bank information must be kept in a safe place in the church office only. Access to these documents must be limited to the Pastor and the Bookkeeper only. This information shall be made available to the Parish Finance Council and others authorized by the Eparch.
  - c. Checks written to people to reimburse them for various expenses must be avoided as much as possible. It is highly recommended that checks be made directly to the vendors involved.
  - d. All deposits must be made first in the Operating Checking account before transferring them to the Savings or any special fund.

e. It is a must that Insurance documents be kept properly in the church files and never thrown away. It is recommended that a special document be prepared with the names of all the insurance companies that covered the church over the years. This also must include the serial number of the policy, date of the policy period, and the name of the insurance agent. An updated copy of this document must be kept indefinitely in the church files.

19. Parish expenses, exceeding the amount of \$10,000 require the written permission or authorization of the Eparch.

20. Parishes are obliged to support the Annual (Arch)bishop's Appeal



## **Parish Financial Data**

### 6. Financial Data:

a- All Savings Accounts (please include A/C # and Balance):

b- All Checking Accounts (please include A/C # and Balance):

c- All Money Market and others (please include A/C # and Balance)

d- Current Balance Sheet prepared by an accountant  
(please attach to this application)

e- Current Income and Expense statement prepared by an accountant  
(please attach to this application)

## **Construction Data**

### 7. Construction Data:

a- Name of Architect:

b- Copy of bid package from Architect:  
(please attach to this application)

c- Number of contractors bidding and copies of bid:  
(please attach to this application)



- 1. A Capital Expenditure is defined as an approved expenditure in excess of \$30,000. For new construction and/or acquisition or improvement of existing real property.**
- 2. New construction is defined as construction of a church or accessory use structure.**
- 3. Acquisition of real property is defined as property acquired for church use and not For income production or speculative purpose.**
- 4. Capital Expenditures are exempt from Diocesan Assessment.**
- 5. Expenses for establishing or servicing a mortgage in order to finance such Capital Expenditures shall also be exempted from Diocesan Assessment.**
- 6. No exemption will be given during any period in which the assessment has not been Paid.**
- 7. Exemption under this provision must be submitted for re-approval each year Following the date of the first approval until completed.**
- 8. In any year in which an exemption is granted under this provision, the assigned Diocesan Assessment shall not be less than 103% of the previous year's assessment.**