



CATHOLIC DIOCESE
OF LEXINGTON

Roman Catholic Diocese of Lexington, KY

FINANCIAL POLICIES FOR ORGANIZED APOSTOLATES UNDER CHANCERY OPERATIONS

August 22, 2022

Overview

At the discretion of the local Bishop, an organized apostolate of the faithful may be allowed to operate financially as a program under the chancery operations of the Catholic Diocese of Lexington. In such cases, the following policies govern the obligations of the organized apostolate and the financial management of the accounts assigned. These policies are in addition to the policies outlined in the document entitled Catholic Apostolates of the Faithful, which can be found on the diocesan website at <https://cdlex.org/wp-content/uploads/2021/07/Catholic-Apostolates-of-the-Faithful.pdf>.

I. Designated Chancery Oversight Officer

An organized apostolate of the faithful operating financially as a program under the chancery operations of the Catholic Diocese of Lexington will be assigned a designated chancery oversight officer, who will be the primary chancery contact for the apostolate.

II. Annual Budget Submission

- A. Pursuant to Catholic Apostolates of the Faithful (V)(E)(5), organized apostolates of the faithful are obligated to submit an annual fiscal year report to the chancery describing the apostolate's activities, funding, and expenditures.
- B. Organized apostolates of the faithful are required to submit an annual budget for each fiscal year to the designated chancery oversight officer as part of the chancery's annual operating budget review and approval process.

III. Deposits

- A. Revenue generated by apostolate activities, such as event admission/participation fees or fundraising sales, must be submitted to the designated chancery oversight officer by an officer of the apostolate (e.g. president or treasurer).
- B. The proceeds for deposit must be accompanied by a detailed account of cash and checks with the attestation of two (2) apostolate officers.
- C. All cash and check receipts should be deposited within three (3) days of receipt.

IV. Expenditures

- A. The designated chancery officer must verify adequate apostolate funds are available for any apostolate expenditure **prior** to the actual expenditure being made.
- B. The apostolate cannot pay for any goods or services with cash.
- C. The apostolate must submit or direct the service or product provider to submit all invoices to the designated chancery oversight officer for processing.
- D. The apostolate must acquire a completed W9 tax form from any person or company, unless a C corporation, performing a service for the apostolate and must forward it to the designated chancery oversight office in order for the expenditure to be processed for payment.
- E. The chancery will pay all verified expenditures upon receipt of an invoice from the designated oversight officer and a completed W9 tax form if applicable.

F. In the event that an apostolate officer makes a purchase on behalf of the apostolate, the officer may qualify for a reimbursement under the following conditions:

1. The officer must obtain verification of adequate apostolate funds from the designated chancery oversight officer **prior** to making the actual expenditure.
2. The officer must submit a completed reimbursement request form (available at www.cdlex.org) to the designated chancery oversight officer along with an itemized receipt for the purchase.

V. Donations

A. All cash or cash equivalent donations to the apostolate must be submitted to the designated chancery oversight officer for processing.

B. The chancery will generate an acknowledgement of the donation and provide any required end-of-year reporting of the donation to the donor.

C. The Catholic Diocese of Lexington does not book donated goods or services or assign a value to donated goods or services in an acknowledgement. Valuation is the donor's responsibility. If donated goods or services are being considered, the apostolate must consult with and have the pre-approval of the designated chancery oversight officer before accepting.

VI. Financial Reporting to the Apostolate

The designated chancery oversight officer will provide the treasurer of the apostolate with periodic financial activity reports and will be available to answer questions about the reports.

VII. Sales Tax Exemption

Only purchases directly paid by the Catholic Diocese of Lexington qualify to use the sales tax purchase exemption numbers of the Catholic Diocese of Lexington. Individuals cannot use the purchase tax exempt number for personal purchases or for purchases that will be submitted for reimbursement.

VIII. Internal Controls Form

Organized apostolates under chancery operations must submit a completed Internal Controls Form to the designated chancery oversight officer on an annual basis (see Appendix A).

Appendix A – Internal Controls Form (Organized Apostolates under Chancery Operations)

Name of Organized Apostolate _____

Catholic Diocese of Lexington (fiscal year) _____

Completed by _____ Title _____

Email _____ Phone _____

Date _____

Chancery Review by _____ Title _____

Review Date _____

QUESTIONNAIRE

I. CASH RECEIPTS

1. Control Objective: To ensure that all cash intended for the apostolate is received, promptly deposited, properly recorded, reconciled and kept under adequate security.
2. Describe the procedures used for counting and preparing the deposit of the cash and cash equivalents for the apostolate. (Include the storing of the cash and cash equivalents; number of money counters; who prepares the deposit slip; who submits the deposit to the designated chancery oversight officer, etc.)

3. Please answer: YES, NO, or N/A (If answer is NO please use back of form to explain.)

- a. Is program/event revenue counted by at least two individuals who are present at all times during the counting process?
- b. Are the money counters rotated on a periodic basis?
- c. Is program/event revenue counted in a secure area or location?
- d. Is cash recorded and are checks restrictively endorsed immediately?
- e. Is any money taken from the proceeds before it is counted?
- f. Is the cashing of personal checks out the proceeds prohibited?
- g. Is a summary of the cash counted sent directly to the designated chancery oversight officer?

- h. Is this summary used to prepare bank deposit slips?
- i. Is the initial listing of receipts compared with the bank deposit slip?
- j. Is the apostolate licensed to conduct charitable gaming activities?

II. OTHER INCOME

1. Control Objective: To clearly identify control and separately report other income sources in an accurate manner.

2. Please answer: YES, NO, or N/A (If answer is NO please use back of form to explain.)

a. Does the apostolate receive income from rental activities?

b. If yes, please describe these activities and the controls surrounding them.

- Are signed approved rental contracts on file?

- Are certificates of insurance provided and updated listing the apostolate and diocese as other insured parties?