

PARISH ASSESSMENTS

5 Things You Should Know

What exactly happens to the money you donate at your parish on Sunday?

Where does the money go?

How is it spent?

Here are five important things you should know about the Diocesan Assessment and what it means at your parish.

THE NUMBERS

1

91 cents of every dollar (or more in many instances) stays right in your parish. The Diocese does, however, assess some collections in the parish.

6% of the Diocesan Assessment is used to fund the Priest Health and Retirement Fund (PHRA). This money does not come to the Diocese but rather is allocated to a separate entity. It is used to support our priests as they age and leave active ministry and enter retirement.

3% of the assessable income is Cathedraticum. This is what is used to provide operational support for the Diocese. The assessment in our Diocese is one of the lowest in the country. What we receive in assessments that the Diocese collects is not alone sufficient to sustain Diocesan operations. The 3 percent is returned to parishes in need, such as mission parishes or parishes that have difficulty covering parish operations through their collections. The assessment is also used to support Catholic Charities West Virginia and Catholic Education.

DEDUCTIONS

2

Just like with taxes, there are deductions referenced above. Under the current structure, parishes are able to maximize their offertory income by taking advantage of the following deductions:

- The first \$100,000 of offertory and memorial contributions are exempt from the 3% and 6% assessments.

YOUR OFFERTORY DONATION

3% - Cathedraticum

"Amount of parish funds assessed annually by the Diocese."

6% - Priest Retirement Fund

"Non-Diocesan Held"

91% - Stays with Parish



- The first \$150,000 of parish support given to the school is deducted from assessable income.
- The first \$50,000 of parish support given to a Catholic high school is deducted from assessable income.
- The first \$100,000 of total bequests received in a calendar year are exempt.
- The first \$750,000 of principal and interest paid on a DWC or bank loan is deducted from assessable income.
- Approved capital campaign donations are exempt from assessment.

These deductions are a great benefit to parishes as they reduce the amount parishes are assessed and increase the resources available for parish needs.

HOW IT IS SPENT

3

Cathedraticum is given right back to parishes. Currently, only about 75% of parishes across the Diocese are able to pay Cathedraticum. As noted in the recently released audit report, the Diocese collected \$306,188 in Cathedraticum for the Fiscal Year ending June 30, 2020. The receipts from cathedraticum combined with Diocesan Funds subsidized parishes and schools at an expense of \$5,921,362. None of the Cathedraticum collected by the Diocese is used to fund Chancery operations. Cathedraticum is also not used to pay legal fees or settlements.

2ND COLLECTIONS

4

Second collections are not assessed. These funds are collected for specific agencies outside the Diocese and the parish. Unless conducted by the parish for debt reduction, building funds, etc., the second collection is strictly a pass through the funds are not retained by the parish or the Diocese, but forwarded to the appropriate agency.

SCHOOLS

5

School funds and fundraisers are NOT assessed by the Diocese. Tuition payments, donations to schools and school fundraising revenues are not assessed by the Diocese in any form. Any Catholic Schools donation goes directly to the school and is used solely by the school for the benefit of students.

**To review the
Independent Auditors' Report,
Audited Financial Statements,
and Notes to
Financial Statements
please visit
www.dwc.org**

Frequently Asked Questions Regarding the 2020 Financial Audit

This document will help answer some of the questions you may have regarding the 2020 financial audit that were not addressed in Bishop Mark Brennan's accompanying letter dealing with the Diocese's finances or in the audit's accompanying footnotes.

—Cathedraticum income is down significantly from the prior year. Did the Diocese lower cathedraticum rates for parishes?

The reduction in income was due in large part to the COVID-19 pandemic.

Assessment rates for the Diocese remained unchanged from the previous year with 91 cents of every dollar (or more in many instances) staying right in your parish. The Diocese does assess some (more on this later) collections in the parish.

6% of the Diocesan Assessment is used to support the Priest Health and Retirement Fund (PHRA). This money is solely used to support our priests as they age and leave active ministry in retirement.

3% of the assessable income is Cathedraticum used to provide operational support for a Diocese. Our assessment is one of the lowest in the country. This assessment does not operate our Diocese. Instead, it is entirely returned to parishes in need, such as mission parishes or parishes in need of support for priest's wages and benefits if collections are not sufficient to sustain operations of the parish. None of the Cathedraticum collected by the Diocese is used to fund chancery operations.

—Income listed as "Use of Facilities" is also lower this year. Can this be explained?

The Diocese does garner income from the use of various facilities across the state—such as pastoral centers. Due to the pandemic, these facilities were forced to close for an extended period.

It is important to note, in his commitment to prudent financial stewardship of the Diocesan Church, Bishop Brennan announced last June that operations at the Mary Help of Christian Pastoral Center in Huttonsville and the Priest Field Pastoral Center would cease on July 31, 2020. This will be reflected in the 2021 financial audit.

—There is a significant reduction in expenses listed under the "Parish and School Deposit and Loan Program." Has the Diocese reduced its support of parishes and schools?

The reduction in expenses of the parish and school deposit and loan Program is due to a decrease in bad debt expense related to notes/loans receivable. The allowance for uncollect-

ible notes/loans receivable is an estimate and does vary each year based on several factors which include new amounts borrowed, amounts paid each year on existing loans, assistance provided as subsidies instead of loans, and offertory changes.

Assistance provided as subsidies instead of notes/loans is evidenced by an increase of nearly \$600,000 in the Statement of Activities/Expenses/Parish and School Subsidy line item.

—I notice an increase in expenses under "Outside Entity Support." Can you explain?

Expenses increased under this line item due to the contribution to the West Virginia Catholic Foundation from Mount Calvary Cemetery. The "Mount Calvary Perpetual Care Fund" was created to help provide ongoing operational support to the cemetery for years to come. The funds were garnered from a mineral lease bonus on cemetery property.

—I've noticed a new line item under the "Liabilities" section on the Statement of Financial Position—"Loan Payable." Can you detail this line item of \$1,996,372?

This represents the federal Paycheck Protection Program loan received by the Diocese. As the program itself indicates, it was designed to provide support to businesses, including non-profit organizations, adversely affected by the coronavirus pandemic. As its title indicates, it was designed to ensure continuing paychecks to affected employees of such organizations, and the Diocese applied these funds in that manner and kept its employees on its payroll and provided health insurance to them throughout the covered period even though facilities were closed for weeks.

The Diocese intends to follow the guidelines of the program and submit its application for loan forgiveness as it has continued to provide payroll and benefits to its employees throughout the pandemic, as well as other qualifying expenses. It will appropriately complete SBA Form 3510 which will provide the Small Business Administration with the required information to determine forgiveness, just like every other non-profit organization.

While some parishes and schools within the Diocese may be considering filing for additional PPP loans under the recently passed CARES Act, the Diocese currently has no plans to file for a second round of PPP loans for Chancery staff.