

Roman Catholic DIOCESE of WINONA

FINANCE TIMES

ISSUE 9

FALL 2017

For Parishes, Schools and Cemeteries throughout the Diocese of Winona

From the Desk of the Finance Officer

Andrew Brannon • abrannon@dow.org



Andrew Brannon, CPA
Chief Finance
& Administrative Officer

As the newly hired Chief Finance and Administrative Officer, I want to thank all of you who have so warmly welcomed me to the Diocese of Winona. Each day, I am learning about this position, about the Diocese, and about each of you who so capably serve the parishes, schools, cemeteries, and other entities within the Diocese.

I especially want to express my appreciation to Mr. Larry Dose, the former CFAO of the Diocese. Larry has moved into a new part-time role within the Diocese as the Director of Special Projects and Planning. His experience from serving the Diocese over the past 17 years

will serve us well as he continues to assist us in his new role.

I am very grateful to him for mentoring me over the past few months since I have arrived at the Pastoral Center. Few employees have the opportunity to learn and grow in a new environment all while having their predecessor's steady guidance available just by walking down the hall. I hope you will join me in thanking Larry both for his past service and for his willingness to help guide the Diocese into the future as well.

Thank you, Larry!

Learn more about Andy in the "Meet the Pastoral Center Staff" article on page 6

Catholic Cemeteries: Transitions

Larry Dose • ldose@dow.org

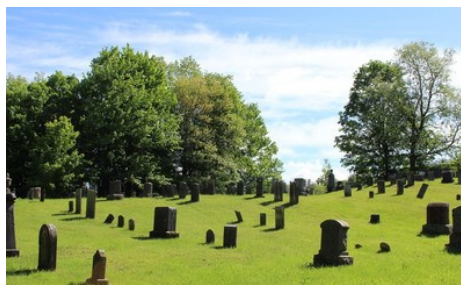


In July of this year I transitioned to a new role(s) in the diocese. Having served for 17 years as Finance Officer, I am now serving as Director of Special Projects and Planning as well as Director of Catholic Cemeteries. It has truly been a pleasure working with you over the past years, and I hope to continue working with you in my new roles.

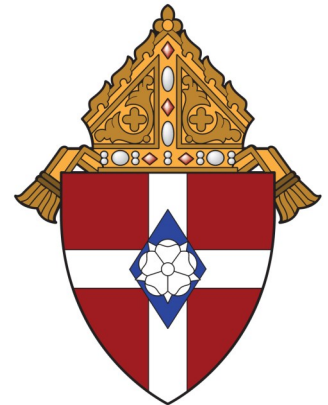
I want to say a special thanks to Cindy Olson for taking on an expanded role in the area of Parish Financial Services. Cindy is a blessing to the diocese.

Wearing my cemetery hat, I encourage each parish to bring the cemetery accounting activities and function in-house,

at the parish level. 52 of our cemeteries have already made this transition. Our goal is to have all cemeteries moving in this direction.



We are planning diocesan cemetery workshops in December throughout the Diocese of Winona. See page 4 of this newsletter for further details.



Winona

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Minnesota Minimum Wage Set to Rise January 1, 2018

Dave Fricke • dfricke@dow.org



The Minnesota Department of Labor and Industry recently announced a minimum wage increase from the present \$9.50 per hour to \$9.65 per hour effective Monday January 1, 2018. This increase is the direct result of a 2014 law that boosted the minimum wage to the current \$9.50 and required the State of Minnesota to begin calculating automatic inflationary increases for each year, starting in 2018.

Questions related to this recent change in the state minimum wage law should be directed to Dave Fricke at dfricke@dow.org or via phone at (507) 858-1250.



Parish Accounting Support

Cindy Olson • parishsupport@dow.org



Chart of Account Shortcuts

The creation of a new sub account in Connect NOW Accounting can be a challenge when you get to the shortcut line. It is helpful if we are all using the proper format for the shortcuts. The basic format of a shortcut is: Natural Account (four-digit account number); Class or Department (for example CS=Cash & Investments, AR=Accounts Receivable, NA = Net Asset); Sub account (21-99 as assigned by the parish); Entity ID (P=Parish, C=Cemetery C, S=School, D=Cemetery D, E=Cemetery E) and Funding Source (for example, 00=Unrestricted, 01=Plant, 10=Designated). For the account number **E-10-00-10-5087-21 Fundraising-Other**, the short cut is: **5087GA21P00** (Natural account 5087, department 10-GA, sub account 21, entity P -parish and funding source 00-unrestricted). Take a look at your chart of accounts and see whether your shortcuts are following the proper format. If they are not, send an e-mail off to parishsupport@dow.org and ask for help to correct them! For a more detailed list of codes, please see the link below available through the finance office page Connect NOW sidebar at the Diocesan website. Click on Chart of Accounts format:

<http://www.dow.org/offices/finance/connect-now.html>

Accounting for Parish Organizations

Recently there have been some questions about the structure of parish organizations (CCW, Altar Society, etc.) and the proper accounting for them. Typically, parish organizations are operating under the parish's federal identification number and use the parish's sales and use tax exemption for purchases. It is not recommended for these organizations to apply for their own federal ID number and tax exemption status since the parish is already tax exempt under the Group Ruling.

It is Diocesan policy that the financial transactions for these organizations be added to Connect Now and flow through the parish books and the parish checking account. There are separate accounts available in Connect Now to help to track the transactions and balances for parish organizations. If you need help setting up accounts or tracking transactions, please contact parishsupport@dow.org.

For more information go to the following link and choose Section 6 Accounting for Parish Organizations: <http://www.dow.org/offices/finance/frequently-requested-topics.html>

Designated or Restricted???

One of the questions frequently asked is how do I determine what is restricted, designated or unrestricted? This can be a complex issue and here are some general guidelines. Restricted funds are monies given, collected or donated for a specific purpose. For instance, a donor donates money a parish scholarship fund to be used for scholarships for members of the parish community going to Catholic Schools. The funds must be used for the restricted purpose only. Grants given to organization often fall under the restricted category with a specific plan for the use of funds documented in the grant application. Designated funds are monies set aside from the general fund for a specific purpose. For example, your finance council could decide to set aside a certain percentage of the general fund for property improvements; these funds become designated funds. The big difference between designated funds and restricted funds is that the leadership body can transfer designated funds back into the general funds. Restricted funds must be used for the purpose in which they were given or raised.

Self Insurance—Catholic Mutual Group

Ryan Christianson • rchristianson@catholicmutual.org

Cyber Resources

Catholic Mutual Group has collaborated with NAS cyberNET to provide you with valuable cyber resources. Information can be accessed through the Catholic Mutual Group website providing tools, training, and best practices to help prevent or mitigate damages from a data breach. For more information, please see Appendix A.

Emergency Response Procedures App

Years ago Emergency Response Procedures Manuals (the red flip folder) were developed and distributed to all locations. While these are great to have when an emergency occurs, they may not always be easily accessible. Catholic Mutual Group has recently created an app for mobile devices so this information can be available to everyone right at their fingertips. For more information, please see Appendix B.

For Bookkeepers...

Cindy Olson • parishsupport@dow.org

Christmas Bonuses

What do I do if Father wants the Christmas Bonus check to equal exactly \$100? **Do not set the gross wage to \$100 and zero out all the taxes and pension through the edit paycheck feature!!!** Christmas bonuses are subject to both pension and social security taxes, so if you set the wage amount to \$100, the check will not be for \$100. In order to get the gross wage amount, divide the net amount by $1-.0765$ (the social security tax rate) for a non-pension employee and $1-(.0765+\text{the employer percentage})$ for a pension-eligible employee. For example, we are paying \$100 to three employees. One is not eligible for pension (Employee A), one has 2% withheld for pension (Employee B) and one has 3% withheld (Employee C). Here are the formulas to calculate their gross wage:

Employee A: $100/.9235=\$108.28$ Gross wage $(1-.0765=.9235)$

Employee B: $100/.8735=\$114.48$ Gross wage $(1-(.0765+.05)=.8735)$

Employee C: $100/.8635=\$115.81$ Gross wage $(1-(.0765+.06)=.8635)$

By using this formula, you should be pretty close to having that check equal the \$100. You might have to adjust the gross pay by a penny to adjust for system rounding.

Donation deadlines

IRS guidelines for when a donation is deductible are as follows:

Time of making contribution: Usually, you make a contribution at the time of its unconditional delivery.

Checks: A check you mail to a charity is considered delivered on the date you mail it.

Text message: Contributions made by text message are deductible in the year you send the text message if the contribution is charged to your telephone or wireless account.

Updated Defensive Driving course

The diocesan Transportation Policy requires all individuals (employee or volunteer) who drive on behalf of a diocesan institution meet certain requirements, including successfully completing an approved defensive driving course. Many people have utilized our Catholic Mutual Be Smart – Drive Safe course. CMG has recently completed a new and updated defensive driving course, entitled Be Smart – Drive Safe II. To access our free on-line training programs, go to our website at www.catholicmutual.org. Click on the link for CMGConnect Online Training Hub. If you haven't yet used our CMGConnect platform, you will be required to create an account (it is free, quick, and easy). Once you have accessed our online training platform, there are a number of training materials and videos available, including the new defensive driving course.



Credit card: Contributions charged on your bank credit card are deductible in the year you make the charge.

'Paybyphone' account: Contributions made through a 'Paybyphone' account are considered delivered on the date the financial institution pays the amount. This date should be shown on the statement the financial institution sends you.

Stock certificate: A properly endorsed stock certificate is considered delivered on the date of mailing or other delivery to the charity or to the charity's agent. However, if you give a stock certificate to your agent or to the issuing corporation for transfer to the name of the charity, your contribution is not delivered until the date the stock is transferred on the books of the corporation.

Promissory note: If you issue and deliver a promissory note to a charity as a contribution, it is not a contribution until you make the note payments.

Option: If you grant a charity an option to buy real property at a bargain price, it is not a contribution until the charity exercises the option.

Borrowed funds: If you contribute borrowed funds, you can deduct the contribution in the year you deliver the funds to the charity, regardless of when you repay the loan.

For further information, see IRS Publication 526:

<https://www.irs.gov/forms-pubs/about-publication-526>

It is helpful to publish this information in your bulletin so your donors know the deadlines. Many people think the donation by check is determined by the check date but, as you see above, it is determined by delivery date to the organization or the post-mark date.



PARISH CEMETERIES WORKSHOP



The Office of Catholic Cemeteries is hosting workshops at three locations throughout the diocese to provide ongoing education in cemetery management and operations for Cemeterians, Pastors, and Bookkeepers. Please join us for an interactive day of sharing from our parish cemeteries, with table conversations, where we can learn from each other's experiences with the multi-layered aspects of the day-to-day running of a parish cemetery.

DECEMBER 11, 2017	Adrian	St. Adrian Parish	9:00 AM—12:15 PM
DECEMBER 12, 2017	Owatonna	Sacred Heart Parish	9:00 AM—12:15 PM
DECEMBER 12, 2017	Winona	St. Marys Parish	3:00 PM—6:15 PM

To register, email Ann Ringlien - aringlien@dow.org

Office of Finance: Sales Tax Update

Andrew Brannon CPA, Chief Finance & Administrative Officer • abrannon@dow.org

Several new wrinkles in sales tax law were recently highlighted in Fact Sheet 180 Non Profits – Organizations and Fundraising. This fact sheet is published by the Sales and Use Tax Division of the MN Department of Revenue. All too often, non-profit entities that have applied for and have received a Certificate of Exempt Status believe that all purchases by an exempt organization are made tax-free. Fact Sheet 180 points out several situations where purchases by an exempt organization are subject to payment of MN sales tax.

Purchases by Exempt Organizations

In general, an organization is exempt from paying Minnesota sales and use tax on purchases if it is organized and operated exclusively for religious purposes and has obtained exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. As Catholic entities, you are considered exempt under the group ruling of the USCCB and do qualify as an exempt organization under section 501(c)(3).

One requirement of the sales tax exemption rule is that the purchase must be directly paid for by the exempt organization. Purchases of taxable items by an employee or volunteer who is later reimbursed by the exempt organization are taxable even if they would be exempt if purchased directly by the exempt organization. You may have to make slight changes to your purchasing procedures. This requirement means that purchases by employees or volunteers should be paid for by parish check, credit card, or an established account with that vendor. Absent those payment methods, your parish will have to pay the sales tax on any transaction personally paid for by an employee or volunteer, even though they are reimbursed later by the parish.

In addition, a general rule when making a tax exempt purchase is that the parish must provide a completed Form ST3 Certificate of Exemption. However, providing this certificate does not exempt the organization from payment of sales tax on **all** purchases. Fact Sheet 180 specifies that the Certificate of Exemption does not apply to the purchase of:

- prepared food, candy, soft drinks, and alcoholic beverages, including catered food
- lodging
- gambling equipment and supplies
- purchases, leases, and rentals of most motor vehicles
- 6.2% car rental tax and 5% car rental fee
- waste collection and disposal services

Please familiarize yourself with this list of items that do not qualify for sales tax exemption on purchases. Not all retailers process these items correctly and if a tax is not collected, it is still the responsibility of the purchaser to pay the sales tax.

Sales by Exempt Organizations

Any exempt organization that makes taxable sales must collect and remit tax on the sales **unless the state's fundraising exemption applies**, or the sales are exempt for some other reason. Fact Sheet 180 **does not identify** any recent changes regarding the collection of sales tax on sales by exempt organizations, but it would be good for you to download that document as it is a very good resource for explaining how fundraising sales may be exempt from the collection and remittance of sales tax.

Catholic Foundation of Southern Minnesota

Monica Herman, Executive Director of the Catholic Foundation of Southern Minnesota • mherman@catholicfsmn.org



Thank you for your support of the 2017 Catholic Ministries Appeal! To date the Appeal has received \$1,717,057 of the \$2,000,000 goal (or 85.85%).

The Catholic Ministries Appeal is one of the major efforts of the Catholic Foundation of Southern Minnesota to fulfill its mission of financially supporting spiritual, educational and social needs of the Catholic community in southern Minnesota. The Appeal is a primary source of funding for diocesan-led ministries that play a vital role in the mission of the Church.

The Appeal supports diocesan-led ministries in these areas:

- Youth and Young Adults
- Lay Formation
- Vocations Discernment
- Life, Marriage & Family
- Faith Formation
- Catholic Schools
- Evangelization & Mission Advancement
- Community Outreach (via Catholic Charities)

Because of you, we have been able to support thousands of individuals across the Diocese by advancing the mission of the Church, which is the heart of the Catholic Ministries Ap-

peal. The Catholic Ministries Appeal is unique in that it provides a Christ-centered approach to helping the people served by the Diocese of Winona.

Your generosity, your love and your belief in God's Word makes a real difference in our world. This appeal is managed by the Catholic Foundation of Southern Minnesota, an independent non-profit foundation that financially supports parishes, schools, programs and ministries with the necessary resources to be vibrant centers of faith.

If you have questions about your pledge or gifts, please contact Amie Pierce at apierce@dow.org or call 507-858-1275.



Human Resources & Benefits: Federal Judge Strikes Down Obama DOL's Overtime Rule

Dave Fricke • dfricke@dow.org

U.S. employers recently learned that a federal Judge in Texas has struck down an Obama-era federal overtime rule that would have more than doubled the salary threshold for the Fair Labor Standards Act (FLSA)'s "white collar" exemptions.

Parishes, schools and other affiliated institutions within the Diocese of Winona will recall that if the law had gone into effect, the new salary threshold for paying overtime would have gone from the current \$23,660 to \$47,476 per year.

This latest ruling by Judge Amos Mazzant of the U.S. District Court for the Eastern District of Texas permanently blocks the Obama Department of Labor (DOL)'s rule that was blocked temporarily on November 22, 2016.

The DOL announced they are working on a new rule that addresses many of the concerns made during the "public comment" period. DOL officials are expected to eventually issue a new rule with a significantly lower salary threshold, changes that would be phased in over a longer period of time and that may include exceptions for nonprofits and employers in rural areas.



There was no mention by DOL officials whether any changes would be pursued regarding the exemption for ministerial employees. A ministerial employee is someone whose **primary duties** consist of spreading the faith, church governance, supervision, or participation in religious ritual or worship. It is also expected that Teachers will continue to be considered exempt, regardless of salary level as long as their **primary duties** consist of teaching, tutoring, instructing or lecturing.

Going forward, all parishes, schools and affiliated institutions will be well served to continue with the creation and /or review of job descriptions to ensure accuracy and compliance with the DOL's rules and regulations. The DOL has made it very clear that the overtime rule will be updated eventually, but at a salary level more in line with an inflation adjusted rate. Questions should be directed to David Fricke, Director, Office of Human Resources at the Diocesan Pastoral Center in Winona at (507) 858-1250 or via email at dfricke@dow.org.

Risk Management—Defensive Driving

Catholic Mutual Group (CMG) is excited to announce their new and updated defensive driving course, *Be Smart-Drive Safe II*, which will soon be available on the CMGconnect platform. *Be Smart-Drive Safe II* is a renewed overview of driving hazards, including realistic scenes, practical advice, as well as dependable “CARES” best practices. The defensive driving curriculum will automatically be switched with the new version without any additional work on your end. The new version complies with the Catholic Umbrella Pool (CUP) Fleet Safety Policy Amendment requirement. Another option to consider for your driving program is the newly integrated Motor Vehicle Report (MVR) that can be processed through CMG’s preferred provider, Selection.com. This new tool allows you to incorporate the MVR after the employee or volunteer has

completed the Defensive Driving curriculum. The MVR is processed and appears on an administrator dashboard for review—no secondary login required. A copy of the report is also stored in the user account for the administrator. The original version of *Be Smart-Drive Safe* can still be made available to your employees and volunteers under the Optional Training category. As a reminder, CUP also requires that at least one individual in an administration position take the course *Church Transportation—Is It Necessary and Ministry-Based?* at least once every two years. If you have any questions or would like additional information regarding the updated training, please contact your Claims/Risk Manager, Ryan Christianson (rchristianson@catholicmutual.org).

Meet the Pastoral Center Staff - Andy Brannon



Andrew Brannon, CPA, joined the Diocese of Winona as Chief Finance & Administrative Officer in May of 2017. In this role, Andy oversees all financial and related functions

including budgeting, accounting, investments, development, construction and real estate and information systems. He works with the Bishop, Chancery staff, department heads and pastors to provide oversight of the financial administration of the DOW Administra-

tive Offices. Andy comes to the DOW with many years of experience in public accounting, small business management and finance and administrative leadership. Past employers include: McGladrey and Pullen, LLP in Cedar Rapids, Iowa, and South Bend, Indiana; Tri-State Monument Company in La Crosse, Wisconsin; and since 2003 he served as the Director of Finance for the *Shrine of Our Lady of Guadalupe* in La Crosse. Andy is a graduate of the University of Northern Iowa with a B.A. in Accounting. He

has also earned his Certified Public Accounting (CPA) professional designation. Andy likes to volunteer in community organizations, some of which include the Serra Club of La Crosse, Rotary Lights, Inc., Knights of Columbus, and Coulee Council on Addiction, just to name a few. In his spare time, Andy enjoys singing, cooking, and playing the piano. Andy has been married to his wife, Debbie, for 34 years and has four children. He resides in La Crosse, WI. Welcome to the Diocese of Winona, Andy!

Contact Information

Address:	Diocese of Winona 55 West Sanborn PO Box 588 Winona, MN 55987	Internet:	www.dow.org www.catholicmutual.org
		Fax:	507-454-8106 (Pastoral Center) 800-335-8141 (Catholic Mutual)
Andrew Brannon	Chief Finance & Administrative Officer	507-858-1248	abrannon@dow.org
David Fricke	Director of Human Resources	507-858-1250	dfricke@dow.org
Larry Dose	Director of Special Projects	507-858-1265	ldose@dow.org
Sandy Todd	Controller	507-858-1245	stodd@dow.org
Julia Sandsness	Employee Benefits Coordinator	507-858-1268	benefits@dow.org
Cindy Olson	Parish Support	507-450-9164	parishsupport@dow.org
April Mera	Accounting Technician	507-858-1247	amera@dow.org
Alison Springer	Staff Accountant	507-858-1249	aspringer@dow.org
Ann Ringlien	Administrative Assistant	507-858-1241	aringlien@dow.org
Ryan Christianson	Claims/Risk Manager II	800-494-6452	rchristianson@catholicmutual.org
Monica Herman	Catholic Foundation of Southern MN	507-858-1276	mherman@catholicfsmn.org

NAS cyberNET and Catholic Mutual Group



Catholic Mutual has collaborated with NAS cyberNET to bring you valuable cyber resources. This site can provide you with tools, training, and best practices to help prevent or mitigate the damages from a data breach. It can also assist in preparing an incident response plan related to cyber security.

All of these resources are available at no cost.



Getting Started:

1. Access the NAS site from www.catholicmutual.org.
2. Click on 'Member Login'.



3. Enter username: **0095win** and password: **service**
4. Click 'Cyber Risk Management' to access these new resources.

Account Login

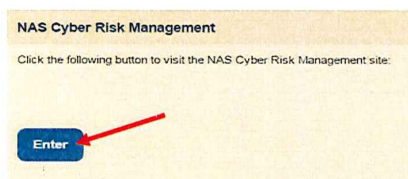
Username:

Password:

Remember Login



5. Enter the NAS Cyber Risk Management portal.



www.catholicmutual.org

Catholic Mutual Group



Emergency Response Procedures

Instructions to download the Catholic Mutual Emergency Response Procedures mobile application:

1. **Search** for Catholic Mutual Group in the “App Store” (Apple iOS) or the “Play Store” (Android devices).
2. **Install** Catholic Mutual Group Emergency Response Procedures (ERP) on your device. Accept app permissions.




3. **Open** ERP app—sign-in and select language option. You will only be asked to sign in one time.


Username: cmgerp

Password: cmgsafe

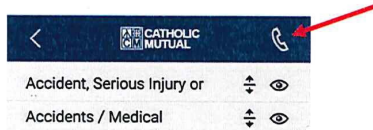
4. **Customize** your app by clicking the settings icon and the ‘Edit Tabs’ option.



5. Select which best practice procedures you want to see on your main dashboard app. Click 

6. Select which order you would like to see your best practice procedures. Click 

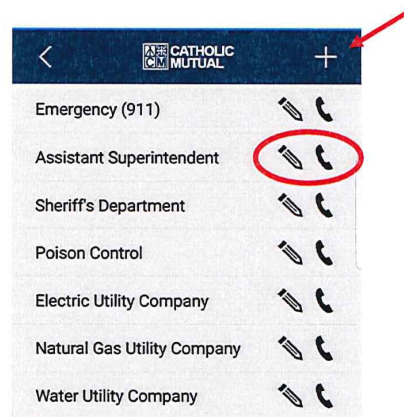
7. Click the phone icon to customize the contacts within your app.



8. Basic emergency contact names have been pre-populated but can be customized.

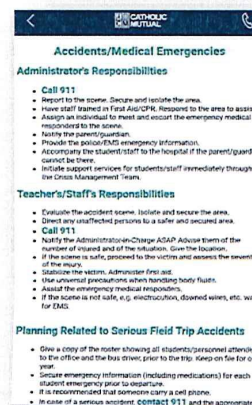
You can *Add* contacts

Edit contacts



Or *Call* contacts from this list

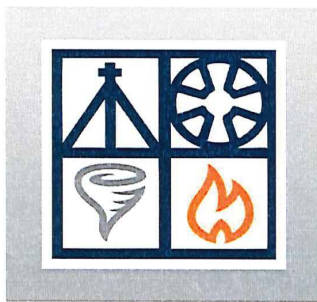
9. To access the best practice procedure, simply click the title from your main dashboard app.



*If an emergency occurs,
will you know what to do?*

Introducing
CATHOLIC MUTUAL GROUP'S

Emergency Response Procedures App



Download today!

- Instant access to a quick reference guide of emergency procedures on your iPhone or Android device.
- Instant access to specific phone numbers needed during emergency situations.
- Easy to use and no limit on the number of devices.
- No fees.
- Available in English and Spanish.
- You will only be asked to sign in one time. **Username: cmgerp**
Password: cmgsafe

For additional information, please contact the Risk Management Department at Catholic Mutual Group.



Diocese of Winona



St. Peter's Cemetery, Rose Creek, MN

PARISH CEMETERIES WORKSHOP

DECEMBER 11, 2017

9:00 AM—12:15 PM

St. Adrian Parish, Adrian

DECEMBER 12, 2017

9:00 AM—12:15 PM

Sacred Heart Parish, Owatonna

DECEMBER 12, 2017

3:00 PM—6:15 PM

St. Mary Parish, Winona



Registration / Refreshments

Opening Prayer / Introductions

General Session

- * Who Owns This Lot?
- * Cremation in the Catholic Church
- * Coldspring Granite
- * Break
- * Investing Permanent Care Funds
- * Cemetery Associations & the Merged Parish
- * Cemetery Accounting
- * General Topics

Questions & Answers

Lunch

Register by November 30 with Ann Ringlien

There is no fee for registration.

Mail:

Diocese of Winona Cemeteries
PO Box 588
Winona, MN 55987

Email:

aringlien@dow.org

Phone:

507-858-1241