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GROUP TERM LIFE INSURANCE

Just a reminder to process through payroll the taxable portion of the value of group term life insurance provided to an employee. A list of affected employees was provided by the Benefits Office in late September. If you need more information, please contact the benefits office at ext. 5040. **This must be submitted on or before the last December payroll.**

ELECTRONIC PAYMENTS

The Diocese of Cleveland has issued guidelines that are mandatory if your parish utilizes electronic payments to vendors. We believe if the guidance issued is implemented, you will greatly minimize the risk of having a fraud occur surrounding the use of electronic payments. Please be sure to carefully review and follow these guidelines. The information was sent to pastors and business managers on September 22, 2020 —*Vendor Management Instructions*. For questions contact Chris Easton extension 3920 or Justin Turk extension 1142.

CHARITABLE CONTRIBUTIONS

As we near year end, many questions arise surrounding documentation and substantiation of charitable contributions. Here are a few pointers:

-  >Contributions received in person must be received on or before December 31, 2020 to be counted as a 2020 contribution. The contribution must be physically in hand by someone who is authorized to receive contributions on behalf of the parish or school. Contributions received after December 31, 2020, will be acknowledged and recorded in the 2021 calendar year. As usual, contributions are only deductible to the extent provided for by law. Each individual taxpayer could have different tax circumstances, so we can only acknowledge receipt of the contribution. All acknowledgments must contain the IRS language pertaining to the exchange of goods and services. It is a best practice to indicate the contributions are deductible as allowable by law.
-  >Contributions received by mail, must be POSTMARKED by December 31, 2020 to be acknowledged for the calendar year 2020. Careful consideration and handling of checks received after the new year is necessary. It is a best practice to retain the envelope, with the post mark in the event there is an issue with acknowledgement.
-  >Contributions received after January 1, 2021 and post marked in January would be recorded in 2021, regardless of the date of the check. Once again, THE POSTMARK is very important.
-  When preparing acknowledgements for donors, you must list the date and amount of EACH contribution throughout 2020.
-  >You cannot aggregate the amounts contributed on an acknowledgement to be used for tax purposes. It is permissible to send a letter stating an aggregated amount, but the letter must contain language that the document IS NOT suitable for tax substantiation purposes.
-  >For non-cash contributions, you should only list the item given and describe it in great detail. You should not value the items, it is up to the donor to value the items contributed for their tax return.

EMPLOYEE HOLIDAY BONUSES

This time of year, it is not unusual for a pastor or school principal to decide to reward the employees of the parish or school with a bonus or other gift. Any bonus paid to any person who is on payroll, no matter which group or organization provides the funding, **MUST** be processed through the payroll system. There are **NO EXCEPTIONS** to this rule. The parish is at risk for underreporting compensation paid to employees if this is not done. The parish, school, or other affiliated organization is permitted to give a **NON MONETARY** gift to employees or volunteers without tax consequences, as long as the item is *de minimis* (worth a small amount of money). The IRS doesn't define what is meant by small, so it would be best to keep the value of the item to \$50 or less. Remember... any cash amount (or cash equivalent such as gift cards) to anyone on the payroll of the parish or school, is taxable to the recipient, and must be processed through payroll.



COLLECTION COUNTING

During this pandemic and the era of COVID 19 and social distancing, some of the normal collection counting guidelines have been **temporarily** relaxed until the pandemic is over. It has been difficult to get volunteers to count the collection, and social distancing does not always have the best results, along with handling the currency and checks. Here are a few pointers you may want to consider:

While it is ideal to have multiple volunteer counting teams, you may be able to only assemble one volunteer counting team. You should utilize that team until it is safe to re-assemble multiple teams. If you cannot even assemble one volunteer team, you can utilize a mixed team of volunteers and parish staff or a team of multiple staff members if you cannot recruit any volunteers. You should utilize this only until it is safe to go back to multiple volunteer teams. If there are no staff available, the pastor and parochial vicar or the pastor alone may count the collection, again, keeping in mind, when it is safe for volunteers, we go back to the multiple volunteer teams model. Remember, the best practice is to never have anyone alone with the collection while being transported or counted. As a reminder, while the collection is stored or is being transported, it must be sealed in a tamper evident bag.

While counting the collection, under any scenario, all counters should social distance to the extent possible and all counters should have appropriate PPE Equipment available for their use. Hand sanitizer must be readily available, and a sink, with hand soap available. All counters must wash their hands before beginning counting, and immediately after they have completed processing the offertory and preparing the deposit.

SBA PAYCHECK PROTECTION LOANS

Back in the spring, many parishes and schools applied for and received Small Business Administration Paycheck Protection Loans (SBA PPP Loans). One of the promises of the loan was that under certain circumstances, the funds would be forgiven by the Federal Government. We expect that the forgiveness component will happen, the wildcard will be how the process will work. As of this writing, the regulations state the borrower has 10 months after the end of the covered period to apply for forgiveness. Jim Gulick has sent many communications to pastors and business managers regarding this topic through the business manager and pastor e-mail address system. Please take some time to review what has been sent and watch for updates in the near future regarding when to move forward with the forgiveness application. Do not file until guidance is issued. Once you have a document in hand from the lender indicating the amount has been forgiven, you should make an entry that removes the liability from your books for the amount shown on the document and recognizes the forgiven amount as extraordinary income in account 1109xx. You should set up a separate sub-account under 1109 and title it SBA PPP Loan Forgiveness Income. If you receive notice that the forgiven amount is less than the amount borrowed, be sure to contact Jim Gulick immediately in the Finance Office.

AFFORDABLE CARE ACT TRACKING

It is a federal mandate that all employees working 30 hours or more each week are offered Health care benefits. Parishes and schools are required to track hours of all employees to ensure that we are in compliance with the mandate. Hours worked each week must be tracked for the measurement period. The measurement period for the current time frame is April 15, 2020 through April 14, 2021. Documentation must be on file that the calculation was performed for each employee. If you are uncertain of what calculation is necessary or if you have any questions, please contact the Employee Benefits Office at extension 5040.

PAYCOR TIP

It is time to review all information for each employee in your Paycor System before calendar year-end. Ensure that all social security numbers are correct, names are spelled correctly, addresses are current, and that all information is correctly entered into the system such as HSA contributions and Group Term Life amounts (if applicable). Unless you have elected Paycor to hold open your books, the W-2 forms will be automatically processed AFTER the LAST pay processed in December. Once the W-2 forms are processed, there is a fee to re-process them if an error is discovered.

We recommend requesting a W-2 Preview, located under Configure Company >Tax Documents, before processing the last payroll of 2020. Please check the calculations and tax effects of any adjustments, and ensure for those employees covered by the Diocesan pension plan or the Clergy pension plan, have the appropriate box checked on the W-2 form. Jen D'Amico in the Human Resources Office (extension 5420) can answer any questions you may have.



DIOCESAN INSURANCE – REQUIREMENT FOR VOLUNTEERS

The Diocesan Insurance Program requires that volunteers complete an Acknowledgement of Uncompensated Volunteer Form. This is not a new requirement, it has always been part of the insurance program. During the parish review process, we ask about this requirement, and review a sample of the completed forms. There has not been a great rate of compliance in having these forms on file. In fact, most business managers are not aware of the requirement. All business managers and parish staff personnel should visit www.discplan.org, the website for the Diocesan Insurance Plan; review the section on volunteers; and take the time to understand what is necessary in terms of recordkeeping for volunteers. The section of the website to review is found on the left side of the screen, under Miscellaneous Exposures and Issues.



REMINDER
REGULALY CHECK YOUR BUSINESS MANAGER EMAIL

FORM 1099

It is appropriate at this point in the year to remind you that it is time to gather information to issue vendors Form 1099. Form 1099 is issued to independent contractors to whom the parish, school, or any affiliated organization, pays \$600 or more. Do not forget to review payments to Landlords.

The first step would be to look at all of your vendors to see who was paid more than \$600, then examine the W-9 forms collected for your vendors to determine their tax status. Vendors who are classified as a C Corp, S Corp, or LLC treated as a C or S Corp do not need to be issued a Form 1099. Those who are partnerships, LLC treated as partnerships, sole proprietors, Single member LLCs, or individuals most likely will need to be issued Form 1099.

For 2020 there is a new form from the IRS. The new form is 1099-NEC (Non-Employee Compensation). You will notice the regular form 1099-MISC normally used no longer has a place to report non-employee compensation. All non-employee compensation is now reported on the new form. Be very careful to make sure to use the correct form. It is suggested to visit the IRS website and download the new form and instructions, and begin to familiarize yourself with them.

The due date for Form 1099-NEC is February 1, 2021. The due date for form 1099-MISC is on or before March 1, 2021.

Please contact the Finance Office if you need more information.

BUDGET REVIEWS

Budgeting has been difficult during this challenging year. Amidst the pandemic, parishes were asked to do the best that they could in preparing a balanced operating budget. This was a very difficult thing to do, but many, with a lot of effort and creativity, balanced their budget. It would be appropriate at this point in the fiscal year to take a look at the budget and compare it to actual operating results.

It really is not too early to begin thinking about the budget for the 2021-2022 fiscal year. Many parish schools will need to set their tuition rates for the next school year, and a well prepared framework for an operating and capital budget will be of great assistance in knowing cost per pupil and setting tuition.



BANK RECONCILIATIONS

A basic task in the accounting office of any company is the preparation of bank reconciliations. All bank accounts MUST be reconciled on a monthly basis, IN A TIMELY MANNER (including savings and investments). A timely manner is defined as prior to the 15th of the next month after period close or the closing date of the bank statement. It is not a good business practice to use the balance shown online instead of a reconciliation. Simply looking at the balance does not account for outstanding items or errors made at the bank or the parish level. Looking at the bank balance on line should NOT be used as a substitute for bank reconciliations. After bank reconciliations are prepared, they must be reviewed by a second party. The second party should be someone who has knowledge of the bank reconciliation process. It is not acceptable to continue to pay bills, going even one month without a proper bank reconciliation being prepared.



OHIO MINIMUM WAGE FOR 2021

Effective January 1, 2021, the minimum wage for Ohio will increase from the current amount of \$8.70 per hour to \$8.80 per hour for non-tipped employees. Please be sure that all employees on your payroll are being paid at least the minimum wage. Paycor will not automatically update wage information.

The minimum wage poster for the State of Ohio must be displayed with all other employment related posters. A new minimum wage poster can be found on the State of Ohio website or the Diocesan Human Resources Department can send you a link to the new poster. More information can be obtained from the Human Resources Department at extension 5420.

When posting the new minimum wages poster, it would also be a good time to check to see if all other required employment information is current.

Dates to Remember	December 15, 2020	Group Term Life amounts must be processed through payroll prior to processing the last payroll of the calendar year.
	December 31, 2020	1) Reconcile and remit all designated collections. Collections must be reconciled individually and in total. 2) Deadline for receipt of contributions to be acknowledged for the calendar year 2020.
	January, 2021	1) Update minimum wage for affected employees in Paycor. 2) Collect all bank account ledgers from affiliated organizations and (along with the ones collected in July 2020) review for any tax reporting compliance.
	January 15, 2021	Unemployment and Workers' Compensation reports due to ACR and payment due to the Diocese of Cleveland.
	January 31, 2021	1) Interim Financial Report due to the Finance Office for the period July 1, 2020 through December 31, 2020. 2) All W-2 forms must be received by the employees, and forms 1099-NEC are due to the IRS and recipients. If applicable Form 945 must be filed if you had gambling withholding(s) during the year. Form W2-G must be issued to the IRS and recipients.