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*All Pastors,
Business
Managers, and
Principals*

Save the Date!
Nov. 23, 2021 at 11:30 am

You are invited to a luncheon and listening session with Bishop Malesic at St. Demetrios Cultural Center Rocky River. Your feedback about the proposed change ideas from the Steering Committee for Keeping the Faith: The Future of Catholic Schools are an important step to creating a final action plan. More information to follow!

HEART OF A SHEPHERD ACCOUNTING

Many parishes are actively in the midst of participating in the Heart of a Shepherd campaign. If your parish decided to make an outright pledge to the campaign, the amount of the pledge would be reported as an ordinary expense (Account 2015.xx) at the time the pledge is made. If you decided to pay the pledge amount over a period of time, the amount that has not been paid would be reflected as a liability on the parish balance sheet. If you chose to use the campaign as an opportunity to fund a parish or school project, you are reminded that the funds that are received as a result of the campaign must be used in accord with the case statement submitted at the beginning of the campaign. The parish or school is NOT permitted to modify the case statement or the use of the funds without consultation and written permission from donor(s), and then Legal Office and Bishop.

INTERNAL CONTROL REMINDER

At the end of each month, it is a best practice to carefully examine the parish and school balance sheets. Every item listed on the balance sheet should have corresponding documentation or a reconciliation to support the balance listed. We most often focus on reconciling the bank accounts; however, all other items listed on the balance sheet must also be reconciled on a monthly basis.

SBA PPP LOANS

Many parishes and schools took advantage of obtaining much needed funds through the SBA Payroll Protection Program (PPP) loan program in the spring of 2020. If you have not already been granted forgiveness of your original loan, time is running very short to apply for forgiveness. If you have not filed your forgiveness application or have been notified of a decision on your application, please contact your business bank immediately. Please make sure to carefully observe any deadlines associated with the loan program. Please forward the SBA notice of forgiveness to the Finance Office. If your parish decided to take a second round PPP loan, please make sure to inform the Finance Office of the date of your application and the amount requested.

RESTRICTED FUNDS

It is very important to examine the written document to understand the use of restricted funds. The restrictions made by the donor are to be followed exactly, unless there is WRITTEN permission by the donor to direct the funds to something else. This also applies to the funds received by the parish for the Heart of a Shepherd Campaign, the Rooted in Faith Campaign, and any other campaigns where there is a stated purpose for the use of the money. The passage of time does not make the funds available for any purpose, the restrictions apply until all the funds received and any investment income earned on the funds since the time they were received are expended for the restricted purpose. These guidelines also apply to funds received as a result of a verbal solicitation.

NEW IRS REQUIREMENT!!
990-T must be filed electronically.

IRS FORM 990-T GOES HIGH TECH

Beginning with the 2021 filing year, if you need to file a Form 990-T for Unrelated Business Income Tax (UBIT), you must file electronically. As a reminder, you must carefully examine all sources of parish, school, and affiliated groups’ income to make a determination if you need to file a tax return. Most parishes, schools, and affiliated organizations generate taxable income, the exemptions keep the income from being reportable as taxable and the filing of the form 990-T. A tax return would be filed for all income for which a valid exemption does not apply.

COMMUNICATIONS



Communicating with the Finance Office and its related departments has never been easier. By now, you should have already activated your business manager e-mail account with the Diocese. If you do not have access to the business manager e-mail account, please contact the Diocesan IT department immediately for assistance. It is very critical that you have access to the business manager e-mail account, and that you check the account for new information every few days. The e-mail account is the primary form of communications between the business manager and the Finance Office.

The Finance Office team is planning great things going forward using this important communications platform. Not only is there the business manager e-mail account, we will have the ability to hold chat sessions (scheduled and also as needed), to have training and research materials available on-demand, and to have a secure area in which to share items intended specifically for our Diocesan business managers, and live presentations when necessary. Keep watching the business manager e-mail and this newsletter for announcements when features will be launched and ready to use. We are excited to have this tool available to help us communicate with the business managers and provide resources and information.

VENDOR SEARCH

It is not too early to begin the process of searching through your parish, school, and affiliated group vendors to identify those to which a 1099 tax form will need to be issued at the end of the calendar year.



- Print or review a list of all vendors
- Obtain a IRS form W-9 for vendors to verify their tax status. It is a best practice to have a W-9 on file for all vendors to be sure you have not misclassified a vendor
- Once the search had been completed, as new vendors are added, obtain a form W-9 and keep them on file for reference. If the name or address of a vendor has changed, obtain a new W-9.
- Go on-line to the IRS website to order free forms and publications needed for 1099 filing. Forms may also be purchased at office stores.
- Remember.. there is a form introduced in 2020 with the title of 1099-NEC. Vendors performing services would receive the 1099-NEC form. Please note the change in the box labels and box numbers on the form 1099-MISC.

UNCLAIMED FUNDS

All businesses in the State of Ohio are required to file an unclaimed funds report by November 1 of each year. The report for the fiscal year ended June 30, 2021 is due to the State before November 1, 2021. Unclaimed funds would be generated by dormant accounts, or if the parish or school wrote a check to an individual that has been outstanding more than one year. The easiest way to search your records for unclaimed funds would be to review the outstanding check list for ALL parish, school and affiliated group bank accounts, identifying outstanding checks that are more than one year old. There is a requirement to file a “negative report” stating the parish does not have any unclaimed funds. More detailed information can be obtained from the Ohio Department of Commerce website.

Dates to Remember	October 15, 2021	Unemployment Compensation reports due to ACR, and payment due to the Diocese of Cleveland.
	October 31, 2021	Reconcile and remit all designated collections. Collections must be reconciled individually and in total.
	October 31, 2021	Interim financial report for the period July 1, 2021 through September 30, 2021 is due in the Finance Office on or before October 31, 2021.
	November 1, 2021	Unclaimed funds report due to the State of Ohio.
	December 31, 2021	Review designated collections received and forwarded, ensure that there is a reconciliation prepared and the appropriate amount remitted.