

Funny

You Should Ask...



A NEWSLETTER FROM PARISH & SCHOOL FINANCIAL CONSULTING · ARCHDIOCESE of MILWAUKEE

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This newsletter is sent electronically to parish and school directors of administrative services, business managers and bookkeepers. If you have suggestions for topics, please [let us know](#).

[View the Funny you should ask... page](#) on our website.

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PIPIT Invoices Delayed

The invoices for the fiscal 2020/2021 Participants' Indemnity Plan have been delayed. We are experiencing a software issue and are hopeful that the invoices will be out in the next few weeks. In the meantime, since the data for the invoices is complete, and if you would like to have your itemized invoice listing, we can send that to you in an Excel spreadsheet. This will not reflect any payments made on your account. You may make payments on the 2020/2021 year and they will be applied against your invoices. Please contact [Kim Kasten](#) if you would like to have the spreadsheet of your PIPIT invoice line items for the current fiscal year.

New Record Retention Guidelines Available

New [Parish Record Retention Guidelines](#) were finalized and posted on the Archdiocesan website in late June. The plan is to review and update these guidelines on an annual basis. Our Archivists Rock! Thanks to Shelly Taylor and Amy Lisinski for all their research and work.

Staffing Changes in HR and Benefits

Please join us in welcoming Maureen Wurster as our new Benefits Administrator. Many of you may already know Maureen as she has been in the Schools Office at the Archdiocese for several years. Her contact information is in the Contact Us section below. Maureen replaces Mandi Kramlich, whose last day was November 6.

Catherine Gryniewicz will be leaving her position of Director of HR for Parishes and Schools. Her last day is February 5, 2021.

Cash versus Accrual Accounting

In order to achieve the goal of consistent financial accountability, it is necessary to establish standards for accounting practices. There are two general methods of recording financial transactions, the cash basis method and the accrual basis method.

The cash basis is a method which records revenues and expenditures (income and expenses) when the revenue is received and the expenditures are paid, without regard to the period to which they apply. Cash basis is a simpler method of accounting.

The accrual basis of accounting records revenues and expenditures in the period of time in which the transaction takes place or occurs, without regard to the date of the receipt or payment. The accrual method is more complex and requires a higher level of financial oversight.

The Archdiocese of Milwaukee requires a blended method of accounting that is more “cash oriented.” All revenue and expenditures must be reported during the year under the cash method. However, the year-end financial report must include recording of outstanding accounts receivable (i.e., tuition) and accounts payable. In most parishes, the year-end transactions are quite simple and only require the recognition of receivable and accounts payable. If your parish has a school, you should also establish a liability account to recognize the portion of teachers’ contracts that are earned but not yet paid.

Under the Archdiocesan method of accounting, revenue items like bequests, fundraisers and donations must be reported as income when the parish receives the corresponding cash. It is not appropriate to “defer” revenue that is received to a different fiscal period. Likewise, expenses must be reported when the funds are disbursed. Capital purchases like a roof or parking lot must be expensed in the period in which those projects were paid for. It is not appropriate to “pre-expense” a transaction.

As an example, St. Mary Parish received a large unrestricted bequest of \$600,000 in March of 2021. The Pastor discussed the gift with both the Finance Council and the Pastoral Council. They decided to use \$400,000 of the bequest for a parking lot project next fiscal year and the remaining \$200,000 will be used for operating purposes. The correct accounting for this transaction is:

March, 2021

DR: 1010 Cash - \$600,000

CR: 3050 Unrestricted Bequest Income - \$600,000

*Note that all of the revenue is booked in the fiscal period in which the bequest was received.

The parish will probably show a significant profit in the 2020-2021 fiscal year because all of the revenue was recognized and there are no offsetting expenses.

September, 2021 (to record the parking lot project)

DR: 4740 Capital Expense - \$400,000

CR: 1010 Cash - \$400,000

2020 Calendar Year-End Contributions, W-2, 1099, W-4, Mileage

Mass Stipend (Intention) Reminder

In 2015, the Archdiocese of Milwaukee sought guidance from the IRS on the nature of mass intention donations. The IRS provided a clear response that money given to a parish for mass stipends does qualify as a charitable contribution, since there is no financial or economic benefit received by the donor. As such, parishes are expected to include donations received for mass stipends (intentions) on a donor's contribution statement.

Please contact [Katie Esterle](mailto:katie.esterle@archdioceseofmilwaukee.org) (414-769-3377) if you have any questions.

Form W-2

- Employers that want to report the amount of priest pension withheld from the priest's pay may enter this information in Box 14 of the W-2 or provide it on a separate form such as the priest's paystub. Do NOT enter priest pension amounts in Box 12 of the W-2. There is no code for section 401(a) pension amounts withheld. Do NOT code priest pension amounts as code "E." Code E is used for 403(b) amounts only (priest or lay person).
- All full time lay employees eligible for the lay pension plan and ALL priests must have the "Retirement Plan" box checked in Box 13 of the W-2. All employees who contribute to a 403(b) should have "Retirement Plan" checked in Box 13.
- A Christmas gift or bonus to an employee (person who receives a W-2) of a tangible item of de minimis value (less than \$100) is not included in that person's taxable wages (Box 1 of the W-2). Examples of tangible items are a turkey, gift basket, wine or coffee mug. All other gifts or bonuses of cash or cash equivalent (e.g., gift cards), regardless of amount, issued by the parish/school (including affiliated organizations such as Home and School) must be added to Boxes 1, 3 and 5 of the employee's W-2.
- Do NOT report some payments to employees on Form W-2 and some on Form 1099. ALL payments made from employer to employee must be on Form W-2.
- The due date to file W-2s (and W-3 transmittal) with Social Security is February 1, 2021. If you e-file W-2 forms, you don't need to calculate and submit a W-3 transmittal form; the Social Security Administration generates a W-3 automatically. This due date now coincides with the due date for furnishing W-2 statements to payees.

Form W-2G

- Form W-2G is provided to any person winning a raffle amount if the amount exceeds \$600. In addition, 25% tax is withheld if the amount exceeds \$5,000. Do NOT issue raffle winnings on Form 1099. Consult the instructions for Form W-2G for additional detail. W-2Gs are transmitted to the Internal Revenue Service on Form 1096. Note that a 1096 for W-2Gs separate from 1099s being transmitted is required. Form W-2G is due to the IRS by March 1, 2021. If you file electronically, the due date is March 31, 2021.

Form 1099

- New this year! The IRS has created a new form 1099-NEC for non-employee compensation. Form 1099-MISC may no longer be used to report non-employee compensation.
- Issue [Form 1099-NEC](#) to any vendor that provides services of \$600 or more in a calendar year, unless the vendor is a corporation or tax exempt entity. An LLC is not necessarily a corporation. Request a Form W-9 to get the payee's tax identification number and confirm their federal tax classification. 1099s are transmitted to the IRS on Form 1096. Note that a 1096 separate from the W-2G transmittal is required. The due date for filing Form 1099-NEC (with Form 1096 transmittal) to the Internal Revenue Service is February 1, 2021.
- [Form 1099-MISC](#) still exists for other qualifying payments made during the calendar year in excess of \$600. Refer to the IRS website for reporting requirements.
- Priest help out that exceeds \$600 in the calendar year requires a 1099. Also included are catechist and musician (if these individuals are not an employee) stipends that exceed \$600. Mileage reimbursements at or below the IRS maximum are not included on the 1099.

Form W-4, Employee's Withholding Certificate

- An updated [W-4 form](#) for 2021 has been published on the IRS website.
- Any new employees, or any current employees who request changes to withholdings, will be required to complete the 2021 version of the form beginning on January 1, 2021. Do not use prior versions.
- The IRS does **not** require employers to update all existing employees to the new form.

IRS Mileage Rate for 2021

- The IRS standard mileage rate for 2021 has not yet been published. We suggest you search the [IRS Newsroom](#) or check the [IRS Mileage Rate](#) page in the next couple of weeks to find the 2021 rate; it *should* be published before December 31. Business mileage may be reimbursed at that rate or less without inclusion on an employee's W-2.
- The IRS may make changes mid-year. We will send out a broadcast if that happens. You may also learn of a mid-year rate change in the general media.
- Also note that help out priests are always paid at the IRS maximum rate, even if your employer chooses a lesser amount.

How Do I Make That Check Payable?

The [Check Issuing Guidelines](#) have been revised as of December 14, 2020.

Cyber Scams and Phishing

Tis the season – for Gift Card Scams

Be aware that you are likely to see an uptick in emails pretending to come from the parish priest or an administrator asking for a favor. The most common message is something like, "I am going into a meeting and I need some gift cards (like iTunes) to give to a friend who is in the hospital. Can you get some for me and I'll pay you back?" Of course, if you do purchase cards and contact them they will suddenly be too busy and just need the numbers for the cards – congratulations the bad guys just took your money. First off – no one legitimate is going to send out an email like this. The best way to avoid these mishaps is to educate all staff members and your congregation that such requests will never be sent out. If you receive an email like this, just delete it. The bad guys create email accounts and attach a person's name to it which makes you

believe it came from Fr. Bill (insert any name here) but has an email address you never saw before. This alone should make you question the validity of the request. There is no way for email firewalls to filter out these types of messages so awareness is our best friend.

Contact [Dale Klein](#) (414-769-3440) in our Information Systems office if you need assistance or have any cyber security concerns.

[Cyber Incident Reporting](#) is a useful, one page tool to keep handy. We recommend printing this and having it readily available to walk you through the appropriate reporting protocol in the event of a cyber incident. If you have a cyber incident, contact Catholic Mutual at 262-255-6906 immediately.

Scam and Fraud Resources

[Federal Trade Commission Consumer Information](#)

[Consumer Affairs](#)

[Identity Theft Resource Center](#)

[File a complaint with the Federal Trade Commission](#)

[USA.gov common scams and fraud](#)

[Clark Howard advice on scams and other fraud](#)

[Fraud.org](#)

BAAM Schedule

Meeting 9:00 – 12:00

2021

January 14, 2021 [Gigs, Geeks and God](#)

March 17, 2021 (virtual)

May 19, 2021 (virtual)

Building Commission Schedule

Building Commission attendance is currently by appointment only. In person meetings are suspended until further notice. Contact [Linda King](#) at 414-769-3340 for more information.

Upcoming Dates:

February 11, 2021

April 15, 2021

June 10, 2021

August 12, 2021

October 14, 2021

December 9, 2021

Catholic Mutual Corner

Catholic Mutual Group publishes a quarterly on-line newsletter, [Catholic Mutual Connection](#), which focuses on timely loss prevention and safety topics. It is found on the [Catholic Mutual website](#) under *Newsletters*.

Information and forms specific to locations within the Archdiocese of Milwaukee are located on the [Catholic Mutual website](#). You must log in to access this information. The Archdiocese of Milwaukee username is *0065mil* and the password is *service*.

Catholic Mutual Group's coverages and policies apply only to those entities participating in the Participants' Indemnity Plan.

Questions about the Catholic Mutual Group website or specific articles in the newsletter can be directed to the Catholic Mutual Milwaukee Service Office at 262-255-6906.

The Quarter Ahead

December 2020

- 1st – Second payment due on current year assessment
- 15th – Distribute budget information to staff and committees with budget responsibility
- 31st – Quarter End

January 2021

- 14th – [Gigs, Geeks and God](#)
- 31st – Forms W-2 and 1099 for previous calendar year must be mailed to recipients no later than today
- 31st – Forms W-2 with W3, and forms 1099 with 1096 must be mailed to IRS no later than today. See the **Calendar Year-End Contributions, W-2, 1099** article above for accurate mailing dates of tax forms to individuals and the IRS.
- 31st – Form 941 (Quarterly Payroll Reporting) due to IRS for quarter ended 12/31
- Begin budget review
- Lay pension reports for Oct-Dec (4Q) mailed
- Mail donation tax information to donors

February 2021

- Clergy compensation information sent to priests for next fiscal year
- Lay pension payment for 4Q calendar year due
- 11th – Building Commission. Attendance by appointment only. Contact [Linda King](#) (414-769-3340)

March 2021

- 1st – Third payment due on current year assessment
- 1st – Deadline for filing PR-230, Property Tax Exemption Request to convert a property from taxable to tax exempt
- 17th – BAAM meeting - virtual
- 31st – Quarter End

Excel Tip

Would you like to copy just the subtotal lines from a worksheet? First, click the 2 in the subtotal area at the top left of the worksheet. This will hide the detail and leave the subtotal lines visible. Then highlight the cells (not entire rows or columns) that you want to copy. Press F5 (GOTO) and select 'Special' then click on 'Visible Cells Only' then click OK. Now you can do CTL C to copy the cells you've selected. Go to your target area and press CTL V to paste and you will see only the subtotal lines and the totals will be numbers, not formulas. The same process will work if you have hidden rows and/or columns and only want to copy the cells you can see.

For more tips, check out [ExcelTips](#), a free, third party, email newsletter containing lots of tips on using Excel. Do you need an Excel tip or have one to share? [Let us know!](#)

Contact Us

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