E-mail sent 12/20/2018:

Good afternoon!

In mid-January, the Office of Accounting Services will be posting the quarterly OAS Messenger Newsletter which will contain information on grant opportunities, Form W-2, 1099s, and year-end donor acknowledgement requirements. We wanted to reach out to you before the end of the year though to touch on a few points related to end of year contribution statements, gift acknowledgements, and processing payroll using a VPN.

**IRS Requirement for Acknowledging Cash Donations**

Each cash gift of $250 or more must be acknowledged to the donor. If donor made more than one contribution of $250 or more, you must acknowledge each separate gift or provide one acknowledgment that lists each contribution and the date of each contribution along with the total contributions. The Office of Stewardship and Development has a very useful Powerpoint presentation on its website at [http://www.archindy.org/stewardship/podcast.html](https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.archindy.org%2Fstewardship%2Fpodcast.html&data=02%7C01%7C%7C503ac237a0f9478fa08e08d66620cce2%7Ca54192d98f824167ba15f0159a5c6254%7C0%7C0%7C636808688384556973&sdata=69vb5KmYehk6pBFfbiEWh5gV8kDC7TxTOshBhE2t7Oo%3D&reserved=0) that discusses ways to boost end of year giving and also details the IRS documentation requirements for the contemporaneous written acknowledgement.

**Clarification on Archdiocesan Internal Control Policy**

We want to clarify the requirements of one of the internal controls in the Archdiocesan Policy on Internal Control ([http://www.archindy.org/finance/files/parish/parish-finance/ic\_policy.pdf](https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.archindy.org%2Ffinance%2Ffiles%2Fparish%2Fparish-finance%2Fic_policy.pdf&data=02%7C01%7C%7C503ac237a0f9478fa08e08d66620cce2%7Ca54192d98f824167ba15f0159a5c6254%7C0%7C0%7C636808688384566983&sdata=%2F7%2BpVtZRgt7kJjHcdXxJXiD3d9A87xDlXCJeu%2FPnRXE%3D&reserved=0)). Cash Receipts-Sunday and Holy Day Collections Internal Control #15 states: *“Periodic contribution statements should be sent to all parishioners, even those who give nothing, (preferably quarterly, but at least annually).”*The objectives of this internal control are three-fold.

1. First, it ensures compliance with IRS requirements to acknowledge individual cash gifts of at least $250.
2. Second, it is a detective control for the completeness of contribution revenue. If the parishioner donates to the parish but receives a contribution statement containing $0, a question will likely be raised.
3. Third, the mid-year contribution statement is an opportunity for donor cultivation. It can prompt a donor to start giving when they realize that their level of giving is below what they planned for at the beginning of the year. This is considered a best practice by many (arch)diocese.  The Office of Stewardship and Development can assist in providing sample materials as a resource on this time of cultivation.  Please contact Dana Stone at 317-236-1591 or [dstone@archindy.org](mailto:dstone@archindy.org) to learn more.

Here is where the clarification comes in: ***A parish can also meet the control objective (as it relates to the year-end statement) without sending contribution statements to parishioners who didn’t contribute during the year, so long as the following bullet points are met:***

* Parish announces in bulletin in late December and throughout January, February, and March that year-end contribution statements are mailed to donors with activity by January 31st (parish policy must meet the IRS minimum requirement of acknowledging all individual cash gifts greater than $250 by no later than January 31st). It is important here to clarify the criteria for who will receive a statement so that parishioners know to ask a question if they think they should receive a contribution statement but don’t.
* Parish sends annual contribution statements postmarked no later than January 31st. E-mailing these statements is acceptable if donors have opted in to receive electronic communication; however, a mailed letter is considered the best practice.

**United Catholic Appeal Acknowledgements**

Another common question pastors and business managers might receive from parishioners is related to gift acknowledgement for the United Catholic Appeal. The Archdiocese Office of Stewardship and Development sends donors a thank you letter any time a pledge is made or a one-time gift is given, regardless of amount. An acknowledgement letter is also sent following year-end to any donor with a *cumulative* gift of $250 or more, which more than meets the IRS requirements of acknowledging *individual* gifts over $250. A best practice for parishes is to include a sentence on the parish year-end contribution statement that says the following: “All gifts to the Archdiocese United Catholic Appeal are separately acknowledged by the Archdiocese Office of Stewardship and Development.”

**Processing Payroll Using a Virtual Private Network**

Many of you will be processing the January 4th payroll from home or a location other than your parish/school/agency. Thank you for your diligence in connecting to a VPN *prior* to logging in to Paylocity with your admin credentials. Connecting to a VPN allows you to benefit from the functionality, security, and management of your parish/school/agency network from an off-site location.

I hope you have a Merry Christmas!!