

Draft Parish Assessment Policy

NOTICE: This document is being distributed to the Diocese of the Midwest for comment. It does not reflect the final policy.

1. PURPOSE

The purpose of this document is to define the percentage-based parish assessment policy for the Diocese of the Midwest (DOM), a diocese of the Orthodox Church in America (OCA). It has been prepared for general distribution with the blessing of +PAUL, Bishop of Chicago. This policy will be effective January 1, 2018.

2. SCOPE

- a. This policy applies to all ecclesiastical entities of the DOM, including but not limited to, chapels, monasteries, missions, and parishes. For the purposes of this policy, except when explicitly noted, where the term “parish” is used, it is intended to apply to the ecclesiastical entities as defined in this paragraph.
- b. This policy addresses assessments to the DOM and to the OCA.
- c. This policy has been designed to work with the OCA’s financial policies.
- d. The financial obligation of all ecclesiastical entities in the DOM shall be satisfied by compliance with this policy.

3. POLICY STATEMENT

- a. Parishes shall remit a percentage of their prior year Eligible Income in twelve monthly increments to the DOM. The DOM, in turn, shall remit a percentage of diocesan assessment income to the OCA.
- b. Parishes shall complete the Percentage Assessment Calculation Sheet (Attachment A) and submit it to the DOM Treasurer not later than 60 days after the end of their fiscal accounting year.
- c. Parish treasurers shall calculate their **Eligible Income** and assessment percentage based on the formulae in Section 4.
- d. Parishes that fail to submit their percentage assessment calculation sheet will be invoiced at their prior year assessment amount plus 2.0%.

4. ASSESSMENT PERCENTAGE

The **Eligible Income** (implemented in Attachment A) is defined as follows:

Eligible Income = Total Prior Year Gross Income from all sources minus the sum of the following:

- Capital Campaign Contributions (Building Fund)
- Donor Restricted Contributions (not for normal operations)
- Pass-Through Recorded Income (only if recorded to income)
- Charitable Expenses
- Investment income recorded to respective Restricted Fund (noted above)

(See Section 5 DEFINITIONS for a further explanation of these terms).

For an established parish (as of January 1, 2018) the Baseline Assessment Percentage (AR) shall be the ratio of its 2017 Diocesan Assessment to its 2017 Eligible Income:

$$2017 \text{ AR} = (2017 \text{ Diocesan Assessment}) / (2017 \text{ Eligible Income})$$

In 2018 the current year percentage (CYP) that shall be applied to the prior year Eligible Income shall be based on the baseline assessment percentage and determined as noted below:

Thereafter, the current year percentage (CYP) that shall be applied to the prior year Eligible Income shall be based on the prior year percentage (PYP) and determined as follows:

- If the PYP was between 8% and 12%, then CYP = 10%
- If the PYP was less than 8%, then CYP = PYP + 2%
- If the PYP was greater than 12%, then CYP = PYP – 2%

(The initial PYP shall be the 2017 AR).

For new parishes (after January 1, 2018), the initial percentage shall be established by the DOM Mission/Parish Development Committee (see Section 6 (c) (ii)).

5. DEFINITIONS

Gross Income – All forms of income received by the parish, whether donations or dues, including stocks and bonds valued as of the date of donation. In-kind donations (non-cash) are excluded. Other examples include net income from cemetery, bookstore, candle stand,

fundraising, rental activities, and all other sources of income. Funds received from a loan are not considered to be part of gross income.

Capital Campaign Contributions – Contributions to the parish for the acquisition of land or buildings, or the MAJOR restoration (at least 40% of the cost of the asset) of current worship or fellowship facilities. Mortgage payments are excluded (considered to be normal operating expense); however, restricted donations specifically to pay down a mortgage are eligible capital campaign contributions.

Donor Restricted Contributions – Contributions to the parish for the acquisition of donor specified items (e.g., to beautify the church) and for specific items or activities, including donor contributions for an external charity. Although donated funds may be specified for utilities, repairs, or other operating expenses, these donations are NOT considered Donor Restricted Contributions under this policy.

Board Directed Fund – The transfer of funds from general operating resources in support of any restricted fund or project are NOT considered Donor Restricted Contributions under this policy.

Pass Through Income – The transfers of capital, if the transfer-in was considered income to the parish, or cash for convenience of organizations or parishioners and the disbursements do not result in a material benefit to the parish.

Charitable Expenses – Expenses paid out to an external charity over and above any amount collected for the charity.

6. RESPONSIBILITIES

a) DOM Diocesan Council

- i. Receives and, if necessary, acts upon compliance issues brought to its attention by the Treasurer and/or Finance Committee.
- ii. Reviews the effect of this policy on Diocesan income and the support of the OCA.
- iii. Initiates revisions to this policy, as needed.
- iv. Specifies the “Special Needs” parishes, missions, and chapels.

b) DOM Finance Committee

- i. Reviews and modifies, as required, transitional percentages as the program evolves.
- ii. Determines the impact of “Special Needs” decisions.
- iii. Processes recommendations to the Diocesan Council on parish percentage appeals submitted by the Dean of the parish.

- iv. Monitors the percentage assessment program.
 - v. Monitors the impact of the program on parishes.
- c) DOM Mission/Parish Development Committee
- i. Monitors the impact of the program on missions.
 - ii. Establishes the assessment percentage for a new mission/parish and the date the percentage will begin to apply.
 - iii. Determines the training needs of missions.
 - iv. Recommends percentage adjustments for missions with special problems.
- d) DOM Treasurer
- i. Coordinates and implements this policy in a consistent manner.
 - ii. Supports and trains parish treasurers on this policy.
 - iii. Assigns parish percentage assessments.
 - iv. Remits assessment to the OCA on a monthly basis.
 - v. Records and monitors the collection of parish assessments.
 - vi. Reviews parish financial reports for compliance with this policy.
- e) DOM Deanery Dean
- i. Confers with parish rectors when assessments are not remitted in a timely manner.
 - ii. Reviews any parish appeals and forwards those requiring action to the DOM Finance Committee.
- f) Parish Treasurer
- i. Complete the Percentage Assessment Calculation Sheet (Attachment A) and submits to the DOM Treasurer not later than 60 days after the end of the parish's fiscal accounting year.
 - ii. Remit the monthly assessment to the Diocesan Office before the 20th day of the following month.
 - iii. Prepare fiscal year-end financial reports in accordance with this policy, and submits to the DOM Treasurer.

Attachment A - Percentage Assessment Calculation Sheet

Microsoft Excel file available on the Diocese of the Midwest web site

Diocese of the Midwest		
Parish Name		
Percentage Assessment Calculation Sheet		
2017 Base Year Assessment		
	Description	
Line 1	2017 Gross Income (from all sources)	0.00
	Less 2017:	
Line 2	Capital Campaign Contributions plus Investments income if recorded into the Restricted Fund	0.00
Line 3	Donor Restricted Contributions (donor has specified use) plus Investments income if recorded into the Restricted Fund	0.00
Line 4	Other one time Restricted Donations (must not be for normal operating expense)	0.00
Line 5	Pass-Through amount recorded for convenience of parishioners and not intended for Parish expenses (only if recorded in Gross Income)	0.00
Line 6	Total Adjustments to Income (Lines 2 through 5)	0.00
Line 7	2017 Net Operating Income (Line 1 less Line 6)	0.00
	Less 2017:	
Line 8	Charitable Expenses over and above donor contributions	0.00
Line 9	2017 Eligible Income for Assessment Calculation	0.00
Line 10	2017 Annual Diocesan/OCA Assessment Amount	0.00
Line 11	2017 Calculated Diocesan/OCA Percentage Assessment Percent	#DIV/0!
Line 12	2018 Diocesan/OCA Percentage Assessment Percent	← Percentage TBD*
Line 13	Annual Diocesan/OCA Assessment Amount (Line 9 times Line 12)	0.00
Line 14	Monthly Diocesan/OCA Assessment Amount (Line 13 divided by 12)	0.00

*If 2017 assessment rate (Line 11) is between 8% and 12%, then current year percentage (CYP) is 10%

*If 2017 assessment rate (Line 11) is less than 8%, then current year percentage (CYP) = previous year percentage (PYP) + 2%

*If 2017 assessment rate (Line 11) is greater than 12%, then current year percentage (CYP) = previous year percentage (PYP) – 2%

Diocese of the Midwest		
Parish Name		
Percentage Assessment Calculation Sheet		
Assessment Year 20__ (2018 and Forward)		
	Description	
Line 1	Prior Year Gross Income (from all sources)	0.00
	Less Prior Year:	
Line 2	Capital Campaign Contributions plus Investments income if recorded into the Restricted Fund	0.00
Line 3	Donor Restricted Contributions (donor has specified use) plus Investments income if recorded into the Restricted Fund	0.00
Line 4	Other one time Restricted Donations (must not be for normal operating expense)	0.00
Line 5	Pass-Through amount recorded for convenience of parishioners and not intended for Parish expenses (only if recorded in Gross Income)	0.00
Line 6	Total Adjustments to Income (Lines 2 through 5)	0.00
Line 7	Prior Year Net Operating Income (Line 1 less Line 6)	0.00
	Less Prior Year:	
Line 8	Charitable Expenses over and above donor contributions	0.00
Line 9	Prior Year Eligible Income for Assessment Calculation	0.00
Line 10	Open (input not required)	
Line 11	Prior Year Assessment Percentage	0.00%
Line 12	Current Year Diocesan/OCA Percentage Assessment Percent	0.00% ← Percentage TBD*
Line 13	Annual Diocesan/OCA Assessment Amount (Line 9 times Line 12)	0.00
Line 14	Monthly Diocesan/OCA Assessment Amount (Line 13 divided by 12)	0.00

*If 2017 assessment rate (Line 11) is between 8% and 12%, then current year percentage (CYP) is 10%

*If 2017 assessment rate (Line 11) is less than 8%, then current year percentage (CYP) = previous year percentage (PYP) + 2%

*If 2017 assessment rate (Line 11) is greater than 12%, then current year percentage (CYP) = previous year percentage (PYP) – 2%