Parish Auxiliary Organizations – Managing Risk

Parish Auxiliary Organizations are invaluable to the Parish but present challenges as Pastor/Administrator holds ultimate responsibility and would be held to account should an inappropriate activity occur. Sufficient control/oversite is crucial.

Parish Auxiliary Organizations typically don’t need a separate bank account as their transactions can be run though the Parish Central bank account.

Application for a separate Auxiliary checking account, utilizing the Parish Federal Employer Identification number, may be approved for compelling reasons, though separate accounts are not recommended. Separate checking accounts give the false idea the group is a private or de facto association with its “own” money, when all funds belong to the Parish. Specific requirements for Auxiliary Checking Accounts can be found in the Diocese of Venice’s Financial Policies & Procedures for Parishes & Schools.

The Pastor/Administrator should be the primary authorized signer on the Auxiliary account. Bishop must be a signer and the organization’s President and Treasurer may also be signers on the account.

Auxiliary bank accounts using the Parish EIN must be on Parish Financials. Auxiliary organization activity is recorded in Parish Financials so vendors meeting requirements to receive Forms 1099 can be timely identified.

Auxiliary account checks must be signed by two authorized signers. (It is recommended that the Pastor be the second signer on each check.)

Auxiliary account bank statements should be mailed directly to the Parish, include check images, and the Pastor should review for unusual activity. The Parish Business Manager or Accountant must reconcile the account monthly. Check register and support documentation for deposits and disbursements should be submitted timely for the reconciliation.

Parish Auxiliary Organizations under the Parish EIN are eligible to use the Parish sales tax exemption and can use Parish property with no written agreements or additional insurance requirements. Eligibility does not extend to separately incorporated groups. Organizations separately incorporated like the Knights of Columbus and St. Vincent de Paul Society must have their own bank account, under their Tax ID, and their own insurance coverage. Separately incorporated groups and other outside groups requesting to use parish buildings, facilities and equipment shall be covered with an appropriate license agreement and Comprehensive General Liability Insurance.

Parish Organizations choosing to remain financially independent must submit their Articles of Incorporation, Bylaws, and IRS Tax Exempt Determination Letter in addition to a Certificate of Insurance Coverage and will then be treated as other separately incorporated groups responsible for filing their own income and payroll tax returns. The groups must clearly communicate that funds they raise are used for their own charitable purposes, without Parish supervision.