Diocese of Ohio

2020 Parochial Report

Webinar

January 29, 2021

Presenter: Sue Leishman, CFO

Moderator: Beth Bergstrom, Communications Coordinator

Agenda:

* Welcome and logistics
* Items omitted from the 2020 report
* Items added to the 2020 report
* Preparation tips
* Submitting your report to the Finance Office
* Resources
* Questions

Items omitted from the 2020 report

* Easter attendance (page 2 – line 9)
* Total number of Church School students (page 2 - line 22)
* Both items will return in 2021

Items added to the 2020 report

This section will be the largest part of the presentation. We will address the additions on a page-by-page basis, rather than topic by topic.

Page 1 – Parochial Report Completion (near bottom of the page)

* How many people participated in completing the report?
* Enter the roles of those who participated in completing the report.
  + Example – Treasurer, Senior Warden, Rector

Note: This page is submitted to the Finance Office after completion and needs to be signed by the Clerk of the Vestry, Treasurer, and Rector or Priest-in-Charge. The Senior Warden signs if the parish has no clergy.

Items added to the 2020 report

Pages 2 & 3 – Membership, Attendance, and Services of the Reporting Congregation

Line 7 – Average Sunday Attendance (Sunday or Sat. evening)

* MAJOR change – Report ONLY for the period January 1 – March 1. This is a maximum of 9 Sundays. If one or more Sunday services were cancelled due to weather, reduce the number from the maximum 9.

Lines 10 through 16 - In-Person and Online Services

DFMS has provided guidance in this area to distinguish between what is considered an in-person service versus an online service, or both; and also how to count online worship participants. Please review the following guidance before completing this section.

Online vs. In – Person Service (Lines 10-12)

* These lines apply to Eucharists. A service is in-person if people were present in the congregation.
* If there was a Eucharist with a congregation in the building and the service was also live-streamed, count ONLY as an in-person service.
* If there was a Eucharist with only worship leaders in the building and the congregation online, count ONLY as an online service.
* Example: Two worship leaders and a congregation of 3 in person is an in-person worship service.
* Example: Ten worship leaders, but no one sitting in the pews or present as a congregant is an online service.

Items added to the 2020 report

Pages 2 & 3 – Membership, Attendance, and Services of the Reporting Congregation

Education – Line 24, c & d (Page 2)

Two new questions that address the pandemic’s impact on the religious education or spiritual formation of:

* Line 24 c – Children and Youth
* Line 24 d – Adults

Check one of the 5 boxes that best answers the question in each case.

Items added to the 2020 report

Pages 2 & 3 – Membership, Attendance, and Services of the Reporting Congregation

Page 3 includes two new sections: 2020 worship during the Pandemic, and Racial Justice and Reconciliation.

2020 Worship during the Pandemic (Questions 1-9)

* A series of questions about how services were offered during the pandemic (March 8 – end of year).
* No questions about number of participants
* Read questions *carefully*- some questions ask for one choice, and other questions ask for all that apply.

Items added to the 2020 report

Pages 2 & 3 – Membership, Attendance, and Services of the Reporting Congregation

A letter from Michael Barlowe, Secretary of General Convention, suggests that counts of online participants in worship will be part of the **2021** report, so please review the letter about how to count participants who use various online platforms: Zoom, Facebook, Instagram, Vimeo, and You Tube. A copy of this letter is posted on the website (Parish Resources – Finance – 2020 Parochial Report).

Note that if a parish has an in-person worship service that is also streamed, you count the in-person participants separately from the online participants for the service.

Items added to the 2020 report

Pages 2 & 3 – Membership, Attendance, and Services of the Reporting Congregation

Page 3 – Racial Justice and Reconciliation

Four new questions added to the 2020 parochial report.

The instructions remind us: “The work of racial justice and reconciliation is a mission priority for the Episcopal Church.”

The questions 10 – 13 address the actions, commitment to, and the priority of racial justice and reconciliation.

Question 12 asks the Vestry for its level of commitment to this work; and Question 13 asks the same question of the Rector or Priest-in-Charge.

Items added to the 2020 report

Pages 4 & 5 – Stewardship and Financial Information of the Reporting Congregation

Page 5 – Information for 2020

* 7 new questions on the pandemic’s effects on finances and stewardship
* Questions 21-23 deal with PPP loans.
* Question 24 – An estimate of additional costs resulting from the pandemic, including PPE (personal protective equipment), cleaning supplies, communication equipment and/or subscriptions for online communication services, and related costs.
* Question 25 – Asks if approach to stewardship changed and includes a space for a description, if Yes.
* Questions 26 & 27 address the pandemic’s impact on the parish’s endowment funds, if any, and its finances.

Items added to the 2020 report

Page 6 – Narrative Questions

These 3 questions ask for the pandemic’s effects on how the parish conducts worship, plans for its future, and conducts its ministry.

The form and instructions encourage a collaborative response to these questions from the clergy, Vestry, and staff.

Question 1 – Conducting worship during pandemic

Question 2 – Planning for the future

Question 3 – Changes in how ministry is conducted

Items Added to the 2020 report

Page 8 – Outreach Ministries and Volunteer Activity

While the list of outreach ministries and estimated number of people served is the same as in 2019, there are a few changes.

* Instead of checking no if the parish does not conduct an outreach activity, in 2020 check the box, Ministry of the Congregation, if the listed activity is conducted by the parish.
* In 2019, the box Few or the box Many was checked for the number of volunteers involved. In 2020, the number of volunteers involved is requested.
* A new column was added for the estimated number of new volunteers for each outreach ministry.

Preparation Tips

This section contains both reminders and new information.

Parochial Report vs. Assessments

The calculation and payment of Diocesan assessments is linked to the parochial report filing, and not separate and distinct from it.

By canon, the parochial report determines the parish’s final assessment amount for the calendar year. The monthly assessments serve as installment payments toward this final assessment due from the parish. The definitions on the parochial report form and assessment forms are identical, since the reports are interrelated.

Once the parochial report is filed, the assessment is calculated based on the graduated rates found in the Diocesan canon. This liability is compared to the installment payments made (usually 12)

Preparation Tips (continued)

and the parish is either overpaid (refund due) or underpaid (balance due). As actual expenses seldom agree with budgeted expenses, either a balance due or refund is common.

The same definition of NOE (normal operating expenses) applies to both assessments and the parochial report. *NOE is the base upon which assessments are calculated. NOE is Line 14 (All Other Operating Expenses) – Line 7 (Assistance from Diocese for operating budget).*

The sum of NOE on the 12 monthly assessment reports should theoretically be equal to NOE on the parochial report, although the two amounts often do not agree. The differences between the two NOE amounts should be investigated.

It is important to become familiar with the parochial report definitions to accurately file both the monthly assessment reports and the parochial report.

Preparation Tips (Continued)

Line 7 – Assistance from Diocese for operating budget

Not every payment to a parish from the Diocese can be included on Line 7. Let us review some common types of payments:

* Support for clergy - Line 7
* Ministry enhancement grants - Line 7
* Continuing education or sabbatical grants – Line 7
* Payments to reimburse parish for time of dean – Line 7
* Capital loans – NOT reported on the parochial report
* Capital grants – Line 8 – Capital funds, gifts, and additions
* ECS grants – Line 10 – Grants for congregation-based outreach and mission programs
* Support for Mission Area Councils – NOT reported
* SDG grants – Line 11 – Funds for transmittal to other organizations

Preparation Tips (continued)

Line 14 – All other operating expenses

A key component of NOE, or Normal Operating Expenses.

It is easier to describe what is NOT included on Line 14 that what is included. Reporting the types of expenses that are not includable on Line 14 helps zero in on what is left to include there.

Expenses NOT to include on Line 14

* Capital expenses (Line 15)
* Loan principal payments (Line 15)
* Assessment payments (Line 12)
* Outreach from operating budget (Line 13)
* Funds sent to other organizations (Line 18)

Preparation Tips (continued)

Line 14 – All other operating expenses (Continued)

Expenses NOT to include on Line 14 (Continued)

* Contributions to Episcopal seminaries (Line 17)
* Expenses for congregation’s outreach and mission (Line 16)
* Additions to investment and/or savings accounts (Line 9)
* Disbursements or transfers to a separate checking account related to a clergy or parish discretionary fund – Line 16
* Fund-raising expenses – offset the income first, expenses that exceed income are reported on Line 14
* Expenses directed related to rental income – Similar to fund-raising expenses, offset the income first, expenses that exceed income are reported on Line 14
* Expenses paid from a discretionary fund – Line 16, usually outreach related, or Line 18 – paid to other org.
* Items which are NOT reported anywhere on the form (see below)

Preparation Tips (Continued)

Line 14 – All Other Operating Expenses (Continued)

Items (disbursements and other expenses) NOT to include on the parochial report on any line

* Depreciation and/or amortization expenses
* Unrealized gains/losses on investments (change in market value)
* Losses on disposal of equipment or other property
* Expenses paid in 2020 that apply to the year 2021
* Payment of withheld income and/or school district taxes to a bank or other tax agency.
* Reinvested income from investments – cannot be used for operations until withdrawn from the investment.
* Expenses paid directly by the Diocese, such as capital expenses

Preparation Tips (Continued)

**Special Considerations**

**Balancing the Parochial Report**

**The parochial report instructions define *operating revenues as funds used to pay operating expenses.***

Total Operating Revenues (Line B) should be equal or about equal to Subtotal Operating Expenses (Line E). These are the only lines on the report that need to be equal or close to equal.

For this reason, we recommend starting the report with the section on expenses (Lines 12-18). Line E is the sum of lines 12-14. Once you have the amount for Line E, you will know the amount Line B should be equal to. Line B is the sum of lines 3-7.

Even if the budget report or financial statement shows more revenue than expenses, the excess revenue is not reportable on

Preparation Tips (Continued)

Special Considerations (Continued)

the Lines 3-7 that make up Line B, because *these excess funds were not used to pay operating expenses.*

In 2020, the opposite situation may have occurred, where operating expenses on Line E (line 12-14) may exceed Line B (lines 3-7). Pledge income may have been down, and other sources of revenue may not have been realized. If operating expenses were paid, there was a source for these payments, and the source needs to be reported on one of the Line 3-7. It may have been a withdrawal from savings or investments needed to close a gap in cash flow from the pandemic. These inflows from savings and/or investments are reported on Line 4 to ensure that Line B, Total operating revenues is approximately equal to Line E, Subtotal Operating expenses.

Preparation Tips (Continued)

Special Considerations (Continued)

The Finance Office recommends the use of the Parochial Report Reconciliation Form. This form is optional and does not need to be submitted with your parochial report, but it can help us answer questions about the differences in reported numbers.

It can be found in the 2020 parochial report folder on the website.

PPP Loans

If the parish applied for and received a PPP loan, and it was forgiven by the end of 2020, include the amount on Line 5. The amount should be included in revenue when forgiven. The loan was permitted to be used for compensation and benefits, rent, and utilities that are operating expenses.

Preparation Tips (Continued)

Special Considerations (Continued)

PPP Loans (Continued)

If the PPP loan was received and not yet forgiven by year-end, the amount should remain as a liability on the books and is not included on Line 5. This situation will create a difference between Lines B and E as described above and should be shown on the Parochial Report Reconciliation Form**.**

All operating expenses paid with PPP loan proceeds are reportable as operating expenses on the appropriate lines on the parochial report. Neither the income nor the expenses are excluded from reporting.

Submitting the Report to the Finance Office

The completed parochial report DOES NOT need to be sent to the Finance Office. Only page 1 with the original signatures needs to be sent in. We have online access to the parochial report site and can access and print the full report from there.

If the report is handwritten, please send in the entire report.

Please refer to the Parochial Report transmittal form for what needs to be submitted to the Finance Office. It includes:

* Statement of Financial Position (Assets, Liabilities and Net Assets),
* Related Entities,
* Report on Endowment Transactions,
* Report on Foundation Transactions, and
* A statement of revenue and expenses for the year 2020.

Submitting the Report to the Finance Office (Continued)

The transmittal includes a line for the date the report was filed online.

As noted earlier, the parochial report reconciliation form is optional, but the prepared form can be sent with the other documents.

It is helpful for the Finance Office to receive all of the required documents as a package at one time, rather than piecemeal. An incomplete submission will delay processing and the payment of any refund due to the parish.

Resources and Forms

Forms related to the Parochial Report filing can be found on the website, [www.dohio.org](http://www.dohio.org), in the Parish Resources section, Finance Office, 2020 Parochial Report folder. The entire revised instruction booklet for the 2020 report can be found in that folder also.

The online site for filing the parochial report, <https://reports.dfms.org>

Online login information – 2019 parochial reports were filed online with an e-mail login and password, which replaced the UEID and PIN used previously. The e-mail and password login continues to be used for the year 2020 filing.

Plan on spending more time to complete your 2020 parochial report.

The Finance Office is here to help you. We want you to file a complete and accurate report.