

# Economia<sup>©</sup>

*A periodic publication of the Diocese of the South, Orthodox Church in America-Summer2021*

## MID-YEAR FINANCIAL REPORT

With the Covid-19 clamp down in the rear view mirror and in-person liturgies having become the norm soon after Pascha, diocesan financial activity also began to pick up the pace. Our single best indicator of parish financial health, offerings and corresponding diocesan tithes, increased by nine percent in the second quarter for a gain of \$271,099.70, contributing to tithe income for the year-to-date at June 30 of \$519,493.96. The gain was almost entirely attributable to increased general offerings as distinct from capital contributions and fundraising offerings.

Although well ahead of the budgeted forecast, there are still plenty of variables that can alter our course over the next few months, not least of which are a Covid resurgence and looming inflation, amounting to double jeopardy for a recovering economy.

Owing to the increased tithes and only marginal increases of expense categories we are reporting a respectable net income of \$82,024.36 at mid-year, which represents a 12.66% Return on Equity. As mentioned frequently, operating in the black is not just prudent; surplus income also strengthens the Balance Sheet as a bulwark against future unknowns.

Our other target ratios that serve as guideposts varied only slightly from the previous quarter, with the exception of Liquidity, which dropped from 6.26% to 4.34%. That decline is in the opposite direction from where one would like it to

land, but the contributing factors were unquestionably positive for our Holy Orthodox Church. The corresponding reduction of \$192,647.53 of Current Assets was due to the withdrawal of funds by Sts. George and Alexandra Orthodox Church in Ft. Smith, Arkansas, for the ren-

**DETAILED FINANCIAL STATEMENTS  
MAY BE VIEWED AT DOSOCA.ORG**

## REMEMBER TO REGISTER

**Clergy & Delegates By September 15**

**2021 DOS ASSEMBLY**

**<https://dosoca2021assembly.wordpress.com>**

**Christ the Saviour Orthodox Cathedral**

**Miami Lakes, Florida October 4-7**

**Hotel Reservations By September 3**

**Shula's Hotel at Booking Link**

**Or:305-820-8100 using group code DOS2021**

ovation of their parish hall; and also to an initial withdrawal by St. Matthew the Apostle Mission in Baton Rouge, Louisiana, for the purchase of land on which to build. Additional withdrawals by St. Matthew in July and August raised the total to \$220,786.62 and enabled St. Matthew to accomplish an August closing on the property.

It goes without saying that funds flow in both directions, both in and out of the various diocesan custodial accounts. Accounting for those multiple additions and withdrawals resulted in a net cash reduction over the course of the first half year of \$127,993.05. Continued operations with income exceeding expenses and ongoing additions to Parish Savings Accounts will help to offset those results.

## DOS DONATION PORTAL

The DOS web site Donation Portal continues to serve as an option for individual parish offerings. Twenty-three parishes received tithes by way of the portal of \$42,498.91 during the second quarter, compared to \$52,197.77 during the first quarter. Those results might have been somewhat anomalous due to effects of year-end giving. In any case, the convenience of this payment option might wane over time when some greater semblance of normalcy returns.

Nonetheless, the portal also served as an invaluable aid for processing Consecration Banquet donations. As preparations for that glorious gathering proceeded, our Chancery Office Accounting Staff, Mary

Warnky, also proved to be an invaluable aid to the volunteer event coordinators. And thanks to all of that volunteer help plus the many parish and individual contributions, including a \$7,000.00 contribution by St. Seraphim Cathedral, the financial results of all Enthronement activities resulted in a net outlay of \$12,062.13. The 2021 Budget was set at \$5,000 a year ago, but was amended as we approached the events to a Budget of \$10,320.00. ✚

## SPANISH LANGUAGE MINISTRY

With the passing of Fr. Antonio Perdomo (Memory Eternal), stewardship for his Spanish Language Ministry efforts have been transferred to Fr. David Wooten at St. Anthony the Great in San An-  
**continued below**

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tonio. With that transfer, Mat. Elizabeth Perdomo and the parish council of St. George the Great have requested that the diocese serve as custodian of the ministry funds. Therefore, an interest-bearing liability account entitled *'Spanish Language Ministry'* will appear on our Balance Sheet carrying the total of funds transferred in the amount of \$35,593.25, of which \$5,000 will be transferred to Archbishop Alejo of Mexico. Administration of these funds by Fr. David will be governed by a detailed Mission Statement.

## ANNUAL FINANCIAL REVIEW

The Financial Review Committee kicked off its audit with Fr. Gleb McFatter's meeting with Mary Warnky and Noel Busch in Dallas after the Enthronement activities. The other members of this committee are Christopher Naughton and Tom Rosenblatt. Many parishes have already received account verification inquiries for return to Fr. Gleb. We are striving to obtain verification of 50% of all accounts. Both 2019 and 2020 are the target years. That having been said, it is not too early to begin your preparations for year-end. The following will serve as a handy reminder. Financial review standards will be outlined in the next issue of *Economia*. ☩

### MASTERING SIXTEEN END-OF-YEAR TASKS

*Use this to-do list to finish the year well and start 2022 right.*

#### 1. Designate a housing allowance

The Parish Council should designate a housing allowance for 2022 for ministers who own or rent their home (and for ministers who live in a parsonage and who pay some of their housing expenses). Because housing allowances can only be provided prospectively obtain approval from the council prior to January 1.

#### 2. Review W-4 forms

All employees should review their W-4 form and submit a new form if circumstances have changed. This will ensure accurate tax withholding.

#### 3. Provide a notice to donors

Donors should be advised not to file their federal income tax return before they receive their contribution summary from the church. Donors may not be able to deduct individual contributions of \$250 or more if they file a tax return before receiving a qualified contribution receipt from their church.

#### 4. Determine if contributions are effective for 2021 or 2022

The general rule is that a contribution is effective when delivered. A check deposited in the church offering in January of 2022 cannot be deducted in 2021, even if it is backdated to 2021. One exception—checks that are mailed and postmarked in 2021 are deductible in 2021, even if they are not received until 2022. See IRS Publication 526 for more guidance.

#### 5. Correctly handle gifts and non-cash/cash benefits to staff and volunteers

#### 6. Be careful about accepting certain types of end-of-the-year noncash donations.

Some gifts might be hard to sell. An exception: publicly traded stock. Stock is pretty easy to handle appropriately as a year-end gift.

#### 7. Review classification of employees for US Department of Labor (DOL) purposes.

Job descriptions should be reviewed to determine if employees qualify for the ministerial exception. And for all employees not qualifying under the ministerial exception, job descriptions and salary amounts should be reviewed to determine if the employee is exempt or nonexempt.

#### 8. Make sure ministers are properly classified for paying into the Social Security system.

Many churches incorrectly report ministers as employees for paying into the Social Security system by withholding Social Security and Medicare taxes from their wages. This is incorrect, since the tax code classifies ministers as self-employed for purposes of paying into the Social Security/Medicare system with respect to services they

perform in the exercise of ministry. As a result, they pay the self-employment tax with their individual income tax returns

#### 9. Voluntary withholding.

Ministers who report their income taxes as employees can enter into a voluntary withholding arrangement with their employing church by submitting written authorization.

#### 10. Review plans for compensation in 202.

#### 11. Have applicable employees fill out various required elections.

Certain benefit plans require elections to be completed by the beginning of the plan year.

#### 12. Review payments to any independent contractors.

The all-new Form 1099-NEC is now used for reporting payments previously reported in Box 7 of the Form 1099-MISC.

Payments made to unincorporated lessors are still reported in Box 1 of Form 1099-MISC. Forms 1099-NEC are due to the IRS and the recipients by January 31, 2022, and Forms 1099-MISC are due to recipients by January 31, 2022, and to the IRS by February 28, 2022.

#### 13. Report all taxable fringe benefits on W-2 forms.

The value of such benefits needs to be reported on your employees' W-2s and included on your Form 941 with tax withholdings and payroll taxes paid as applicable.

#### 14. Obtain IRS tax forms and IRS Publication 15.

#### 15. Finalize 2022 budgets and take care of any budgeting issues.

#### 16. List and take care of many additional year-end items.

For example, you should be in the process of selecting the independent auditors or financial review committee members. ☩

*[The foregoing list is excerpted with permission from The Church Law and Tax Report and edited for the sake of brevity]*