

For Parishes, Schools and Cemeteries throughout the Diocese of Winona

From the Desk of the Director:

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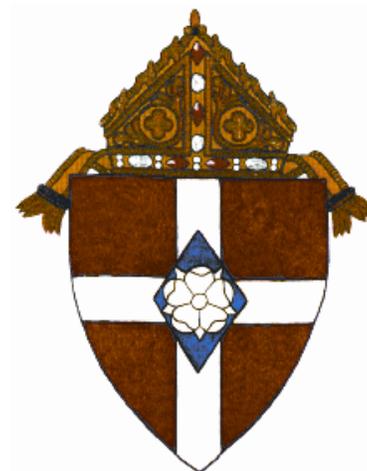
It is hard to believe that we're almost at the end of another calendar year. The Office of Finance receives many questions throughout year covering numerous topics. I want to use this newsletter column as an opportunity to review a few common questions.

One common question involves establishing the parish, school, cemetery or other diocesan institution as a tax exempt entity. Whether applying for grants or completing an application for a supplier, diocesan institutions are often asked to prove their 501(c)3 status. When providing proof of this status, a parish can show the United States Catholic Conference Group Ruling letter from the IRS with a copy of the pages in "The Official Catholic Directory" listing the parish, school, cemetery or institution. A current copy of the letter and the appropriate pages of the directory are available in the **Finance** section of the diocesan website; look for [Tax Exempt Status](#).

It is important to note that many parish and school organizations use the parish tax identification number in the course of their ministry or regular operations. Financial activity within these organizations must be reported on the financial statements of the parish, school or cemetery to ensure all organizations are in alignment with diocesan policies and procedures, thereby significantly limiting the risk of jeopardizing the tax exempt status.

Another common question regarding taxes involves providing a charitable donation statement or receipt for gifts received during the tax year. The IRS states for a contribution to be credited to the 2011 tax year, it must have been received on your premises, or post-marked, no later than midnight on December 31, 2011. Placing it into the offering basket on Sunday, January 1, 2012 with a 12/31 date on the check does not qualify as a 2011 charitable donation.

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Payroll Considerations for the New Year

Krissa Hilger • khilger@dow.org

Minnesota Form W-4MN

Federal Form W-4, Employee's Withholding Allowance Certificate, is used to determine the amount of federal income tax withholding and, in most cases, the Minnesota income tax withholding. The new Minnesota Form W-4MN should be completed in addition to federal Form W-4 in some situations.

MN Department of Revenue rules require that employees must complete Form W-4MN in addition to the federal Form W-4 if they:

- Claim fewer Minnesota allowances than federal allowances (Minnesota allowances cannot exceed the number of federal allowances),
- Claim more than 10 Minnesota with-

holding allowances,

- Request additional Minnesota withholding be deducted each pay period, or
- Claim to be exempt from Minnesota income tax withholding and you reasonably expect their wages to exceed \$200 per week.

For Minnesota purposes, continue to have employees only complete the federal Form W-4 if the employee chooses the same number of Minnesota allowances as federal and the number claimed is 10 or less. The form is available on the MN DOR website at: <http://bit.ly/vEj4Bd>.

Lay Retirement Plan - 403(b)

The Internal Revenue Service announced cost

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From the Desk of the Director, Continued

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Another common set of questions received by the Office of Finance often involve diocesan assessment. The Bishop sets the Cathedralicum, otherwise known as the diocesan assessment, with advisement from the Diocesan College of Consultors and the Diocesan Finance Council in accordance with Canon Law.

Funds are used for the administration and the ministries of the Diocese of Winona. At a recent deanery meeting, the Diocese of Winona Office of Finance presented an in-depth review of the Diocese of Winona Assessment, including historical figures for each deanery. A copy of the presentation can be found on dow.org in [Departments, Finance, Presentations: http://bit.ly/sNXmF5](http://bit.ly/sNXmF5)

As you prepare the annual parish financial report each fiscal year, please review the parish Statement of Activities thoroughly. The Diocese of Winona Finance Office reviews the parish report annually to ensure reported activity aligns with the policies listed in the Diocese of Winona Financial Policies and Procedures manual.

As Director of Finance, I often participate in the Diocesan Fiscal

Management Conference. The DFMC provides me with many great resources and peer contacts throughout the United States. I encourage you to seek opportunities to create peer groups within the diocese. If you're already participating in a peer group, reach out to others who could benefit from the information shared within your group. New staff can benefit greatly by learning from those who been in the "trenches". And experienced staff can benefit from new ideas that are brought in from employment experience outside of the parish or school.

Last, but not least, you may recall that the prior issue of the newsletter contained information regarding Catholic Cemeteries in the Diocese of Winona. Planning is currently underway for cemetery workshops to be hosted throughout the diocese. These workshops will be an invaluable resource available to staff and volunteers who manage and care for our cemeteries. I anticipate the first workshops will be scheduled in Spring 2012. Please keep your eyes open for future announcements.

Labor Law Posters

Krissa Hilger • khilger@dow.org

Parishes and other diocesan institutions can download and print, for free, the required federal and state posters labor law from the respective Department of Labor websites:

Federal - www.dol.gov/compliance/topics/posters.htm

State - www.dli.mn.gov/LS/Posters.asp

A subscription to a poster service / company is not required; most poster providers are not reputable companies. Some providers even market based on fear, stating the church/business may be at risk of being sued if they do not have their posters.

Tip: You will not need to print all posters from the federal site, (e.g. the parish will not need to print a notice to employees working on federal construction projects). The State of Minnesota will even ship the posters to your office for free (if you so choose).

Pension Plan for Priests - Required Personal Contribution Reporting

Dean Dalzell • ddalzell@dow.org

Active priests, under the age of 68, incardinated in the Diocese of Winona will have withholdings between July 1, 2011 and December 31, 2011 for their required annual contribution. The withholdings will reduce a priest's reportable income on IRS Form W2.

However, required personal contributions to the Plan, a qualified 401b plan, are **not** reported separately in Box 12 on IRS Form W2. Instead, Box 14, a memo box, should be used to list "Personal Dues". Include the amount withheld during the 2011 tax year.

Following is a sample, (**the amount listed below is for illustration only**, actual withholdings for the priest must be reported):

14 Other
Personal Dues: \$250.00
ne tax 18 Local wages, tips, etc. 19

Questions may be directed to the Diocese of Winona Office of Finance.

Payroll Considerations, Continued

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of living adjustments affecting dollar limits for pension plans and other retirement-related items for tax year 2012. Highlights include:

The elective deferral (contribution) limit for employees who participate in section 403(b) increases from \$16,500 to \$17,000.

The catch-up contribution limit under those plans for those age 50 and over is unchanged at \$5,500.

Lay retirement and other benefit forms are available via the diocesan website, www.dow.org. Click on [Departments, Finance, Benefits Home](#).

Social Security Administration

The Social Security Administration announced that the Social Security wage base for 2012 will be \$110,100 (up from \$106,800 in 2011). The IRS also revised its income tax tables for the new year.

Be sure to update your payroll software before your first 2012 payroll run to ensure the tax tables are up to date. Logos Accounting users may use the Help, About Accounting... routine on

Catholic Mutual Group - Risk Management

Ryan Christianson • rchristianson@catholicmutual.org

Youth Ministry

Youth Ministry plays an important role by keeping kids connected to their faith and encouraging continued involvement and participation in the Catholic Church. Youth Ministry programs also create liability exposures for the Church and efforts should be made to provide proper guidance and instruction to help keep the programs safe for all involved.

In an effort to reduce the chance of loss in this area, Catholic Mutual Group has developed an online training course titled Youth Ministry – Everything Matters and Everyone Has a Role. All individuals involved in your Youth Ministry program, including youth participants and their parents/guardians, are recommended to view this training. The training module takes less than 20 minutes to complete and there are no fees associated with the use of this course.

To View the Course:

1. Visit www.catholicmutual.org
2. Click on Log-In
3. User Name: 0095win, Password: service
4. Click on Online Training.
5. Follow the instructions to begin the course.

In addition to the online training, other materials are available,

the menu bar. Click on the Updates button to download the current tax tables. (Locations using the hosted solution will receive updates automatically).

As with any software program, a data back-up is recommended prior to updating your parish software. Logos Support is available to answer questions via telephone or e-mail: 800-229-8772, support@logoscms.com

2012 Mileage Rate Announcement

The IRS announced the mileage rates effective January 1, 2012. The business mileage reimbursement rate will remain unchanged at 55.5 cents per mile. Mileage incurred on parish business after December 31, 2011 will continue to be reimbursed at the same rate.

For priests receiving the monthly allowance, the amount will continue to be \$555 per month. For those using the documented ministry miles method of reimbursement, the reimbursement rate will be 55.5 cents per mile.

including a Youth Ministry Manual, Quick Guide, Poster, and Brochure. Once logged in, click on Risk Management and then click on Youth Ministry.

Be Seen - High Visibility Personal Protective Equipment Requirement

Minnesota administrative rules state that each employee exposed to or working adjacent to moving motor vehicle traffic as part of the employee's assigned job shall be provided with and required to wear a high visibility warning vest or other high visibility garment. A high visibility garment is defined as being a Performance Class 2 garment or greater as specified by ANSI/ISEA Standard 107-2004.

Some smaller garments may not meet the background material specifications for Performance Class 2 as defined by ANSI/ISEA 107-2004. In these cases, the garment must be rated by the manufacturer as greater than or exceeding Performance Class 1 requirements.

Please contact the Diocese of Winona Catholic Mutual Group Office with questions regarding obtaining high visibility vests.

Ryan Christianson
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rchristianson@catholicmutual.org

IRS Form 1099

Rod Kollman • kollman@kmtel.com

As a reminder, the President signed a 2011 bill to repeal the new requirement to report on form 1099 all payments to any vendor of \$600 or more. The original rule was passed in 2010 and would have been effective this year. Had the original legislation remained, it would have created a burdensome reporting obligation at significant cost.

Although the burden of additional 1099 reporting has been lifted, it is good time to be reminded about the existing rules for reporting payments on IRS Form 1099.

All reportable payments in a calendar year accumulating to \$600 or more are reported on form 1099 except payments to certain

corporations. Reportable payments generally include forms of compensation to independent contractors, interest, rents, royalties, attorneys' fees. The most common payments made by parishes, schools and cemeteries are made to independent contractors.

It is also a good time to review your processes or maintain vendor files. For example, a little spring-cleaning by eliminating duplicates and vendors that are no longer working for you would increase efficiency. It would also be a good idea to obtain updated W-9's if you haven't already done it.

Please Note: If an independent contractor does not provide a tax identification number, the payments are subject to backup withholding per IRS [Publication 1281](#) and MN Department of Revenue regulations, ([MN DOR - Independent Contractor or Employee?](#)).

Calendar Year-End Processing

Dean Dalzell • ddalzell@dow.org

The 31st of December is just around the corner, marking the end of the 2011 tax year and the beginning of the annual routine of tax document preparation.

Web-conferences are scheduled for **Tuesday, January 10, 2012 at 10:00 AM and 3:00 PM.** (The 10:00 AM session is full as of the publication of this newsletter.) The afternoon session will be a repeat of the morning session. The sessions will be designed as "refresher-courses" to assist parish, school and/or cemetery staff with calendar year-end requirements. The agenda will include:

- Calendar year-end closing process in Logos.
- Federal and state requirements for tax reporting
- Q & A

If you are interested in participating in the web-conference, please register online before January 6, 2011. Visit www.dow.org, click on the respective links in the "Upcoming Events" section. Conference details will be e-mailed directly to registered attendees.

If January 10, 2012 does not work in your calendar:

- Logos Software also offers an online training option directly from the company. For more detail, visit: logoscms.com/Calendar/
- A video recording of the web-conference will be published on the dow.org website under [Departments, Finance, Presentations](#).

Key Dates to Remember

Before the First Payroll of the New Year

Update tax tables in your payroll system to reflect 2011 rates.

January 31, 2012

Deadline for distributing W-2s to employees.

February 29, 2012

Deadline for filing paper W-2s to the Social Security Administration, plus paper and electronic W-2s to the MN Department of Revenue.

March 31, 2012

Deadline for filing electronic W-2s to the SSA. (The Internal Revenue Service will consider electronic annual wage reports for tax year 2011 late if submitted after this date.)

Minnesota Department of Revenue:

You must electronically submit your 2011 W-2, W-2c and 1099 forms to the MN DOR if you have more than 10 forms for 2011. This is true even if you are not required to electronically submit W-2 forms to the IRS.

Logos Accounting offers a custom report module for bookkeepers who wish to produce electronic files for the State of Minnesota. If you are interested in downloading the custom report module, please contact Dean Dalzell (ddalzell@dow.org, 507-858-1247) for instructions and related serial code.

Please contact the Finance Office at the Pastoral Center with any questions pertaining to parish financial issues, including calendar year-end processing.

SSA Increases the W-2 Online Threshold to 50

If you use W-2 Online, or you are planning to use the online service, you can now submit up to 50 forms W-2 via the internet, electronically submit them to SSA and print copies suitable for distribution to your employees.

More information is available at: www.ssa.gov/employer.

Beware of E-mail & Telephone Scams

Dean Dalzell • ddalzell@dow.org

The holiday season is an opportune time for e-mail spam and scam “artists” to exploit the Advent and Christmas seasons and the spirit of selfless giving. Be aware of warning signs and keep the following tips in mind when discerning if an offer is truly “too good to be true”:

Unexpected Messages

Email can be very social, so the temptation is there to read, believe, and respond to anything you receive. But if the message is from anyone you haven’t heard from in ages, or a business you have not dealt with, show some healthy skepticism.

Emergency Messages From Friends or Relatives

Many scams will try to convince you to send money to a stranded relative who can somehow email you, but didn’t call and can’t be reached by phone.

Requests to Update Your Account

Any time you receive an email from your bank, your credit card, or some social networking site telling you to click the included link to update your settings, it is likely a scam. Call the customer service number on your card or account statement, or go to their website by typing in the URL to your browser to confirm, but NEVER click the link that is in the email.

Requests for Your Password

You will never receive a legitimate request to provide someone your password.

Masked / “Fake” Links

If you see a link in a suspicious email message, don’t click on it. Rest your mouse (but don’t click) on the link to see if the address matches the link that was typed in the message. In the example below the link reveals the real web address, as shown in the box with the yellow background. The string of cryptic numbers looks nothing like the company’s web address.



Obvious Misspellings & Strange Punctuation

Many spam messages have some obvious misspellings. This may also include STRange CAPitalization. (Most legitimate senders use spell-check.) Punctuation may be more subtle and even legitimate messages may have some punctuation errors. Do not expect perfection, but think twice when you are checking your email.

Offers Too Good to be True

No businessman has left an unclaimed bank account worth mil-

lions. Microsoft does not give away laptops to people who forward their email, nor does Walt Disney give free vacations for forwarding their e-mail.

You’re a Winner, But You Never Entered the Contest

Similar concept. If you didn’t enter a drawing, contest, or raffle, you are not the winner.

Message That Instructs You to Forward to Others

...Do not follow their request.

Threats

Have you ever received a threat that your e-mail or bank account would be closed if you didn’t respond to an email message? Cybercriminals often use threats that your security has been compromised.

Unexpected Attachments

Malware (viruses and other programs that will crash your computer and steal your passwords) are often sent as attachments, hoping to get you to open them. Even if it is a friend who sent you the message, call them to be sure they really sent it before you open it.

Open the Attachment to Read the Message

Similar concept, only more likely to fool the curious since they want to know what the message is. Don’t fall for it. No legitimate mail will be sent as an attachment without anything in the body of the email.

Beware of Phishing Phone Calls

Cybercriminals might call you on the phone and offer to help solve your computer problems or sell you a software license. Microsoft, Apple, and other reputable software companies do not make unsolicited phone calls (also known as cold calls) to charge you for computer security or software fixes.

Once they’ve gained your trust, cybercriminals might ask for your user name and password or ask you to go to a website to install software that will let them access your computer to fix it. Once you do this, your computer and your personal information is vulnerable.

Treat all unsolicited phone calls with skepticism. Do not provide any personal information.

Condensed from:

Teaching People how to Identify Spam: bit.ly/phPY18

How to recognize phishing email messages, links, or phone calls: bit.ly/gF7f1d

Diocese of Winona Deposit & Loan Fund

DOW Deposit And Loan Fund Rates:

- Effective December 1, 2011 -
Deposits: 1.50%
Loans: 3.50%

Withdrawal Requests:

Check requests from the Diocese of Winona Deposit & Loan Fund are issued and mailed each Wednesday. Requests must arrive via mail, fax, e-mail or internet before 10:00 am that Wednesday.

When making requests, please include the note number of the specific account(s) from which you are requesting withdrawals. Please feel to contact the Diocese of Winona Finance Office with any questions.

Meet the Pastoral Center Staff - Mary Hamann



I was born in Dearborn, MI, but grew up in Lincoln, NE from the time I was two. I attended the University of Nebraska majoring in accounting (Go Big Red!). After living in Delaware for three years my husband, Carlie, and I moved to Winona and have been here for 22 years.

We have three daughters, our oldest is married to a wonderful man and they have two children, Samantha and Evie; our second daughter works full time and lives in Winona; our youngest is a Sophomore at Viterbo University in La Crosse, WI majoring in Religious Studies and Social Work (yes the 5-year program!).

Prior to working at the Diocese, I worked 10 years at a local men's fine garment manufacturer as an international buyer. Larry Dose hired me five years ago as an Accounting Technician; since then I have worn many different hats. I am now an Administrative assistant and assist the Office of Finance with correspondence,

board-meeting preparations, proxies, cemetery questions, internal audits and parish financial services. I am also responsible for the maintenance and grounds of the Pastoral Center and Bishop's residence.

When not at work I spend time with my two granddaughters who only live a few miles away. I love to ride my 1960's men's Schwinn to and from work and around Winona; I log about 1,000 miles annually. I also spend a great deal of time in my garden. Lastly, but probably the most important is spending time with my wonderful husband! The end of this year Carlie and I will be celebrating our 25th wedding anniversary.

Contact Information

Address:	Diocese of Winona 55 West Sanborn PO Box 588 Winona, MN 55987	Internet:	www.dow.org www.catholicmutual.org
		Fax:	507-454-8106 (Pastoral Center) 800-335-8141 (Catholic Mutual)
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Ryan Christianson	Claims/Risk Manager II	800-494-6452	rchristianson@catholicmutual.org
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