

Cathedraticum Assessment

Overview:

All parishes and missions of the Diocese of Richmond are subject to an annual assessment imposed by the Bishop to fund the administrative and pastoral offices of the diocese. This assessment is known as the Cathedraticum assessment.

There are numerous parish services provided by administrative departments of the diocese, most of which parishes would have to provide on their own. Centralizing these services creates economies of scale which result in lower costs and consistent application of policies on a per-entity basis. It also allows for subject matter experts to be hired, which would be difficult, if not impossible, for most parishes. These offices would include: Tribunal, Human Resources, Real Estate, Development, Finance, Information Technology, Print Shop and Communications. Some of these services include:

1. Canonical services for parish and parishioners including advocacy, petitions of nullity, and other requests for assistance with matters of canon law.
2. Assistance with general legal matters, contract review, real estate transactions, dispute resolutions, etc.
3. Guidance and support on construction and renovation projects.
4. Guidance in the form of human resources policies, compliance with labor laws, and administration of employee benefit programs.
5. Development of parish stewardship efforts, including offertory, capital campaigns, and planned giving programs.
6. Guidance in the form of financial policies compliance with accounting standards and tax laws.
7. Support, assistance, and training in bookkeeping matters.
8. Financial audits of parishes and schools.
9. Advice and consultation on information technology matters.

Pastoral Offices supported by the Cathedraticum assessment include:

- Vocations
- Catholic Schools
- Christian Formation
- Social Ministries
- Ethnic Ministries
- Evangelization
- Archives
- Bishop's Office
- Vicar General's Office
- Vicar for Clergy's Office

Calculation of Cathedraic Assessment:

Certain revenue items are assessed based on the progressive rate schedule below:

Taxable Receipts Income Level	Tax Rate
\$0 to \$50,000	4.00%
\$50,001 to \$100,000	7.50%
\$100,001 to \$250,000	9.50%
\$250,001 to \$500,000	9.75%
\$500,001 and over	10.50%

For example, all parishes will pay 4% on their first \$50,000 of assessable income . . . and so on. Please see the following example calculations of the assessment policy:

	Parish A	Parish B	Parish C	Parish D
Taxable Receipts	\$125,000	\$450,000	\$850,000	\$1,000,000
Tax Calculation:				
\$50,000 at 4.00%	\$2,000	\$2,000	\$2,000	\$2,000
\$50,000 at 7.50%	3,750	3,750	3,750	3,750
\$150,000 at 9.50%	2,375	14,250	14,250	14,250
\$250,000 at 9.75%	0	19,500	24,375	24,375
Over 500,000 at 10.50%	0	0	36,750	52,500
Total Tax	\$8,125	\$39,500	\$81,125	\$96,875
Effective rate	6.5%	8.7%	9.5%	9.7%

Exempt Income Categories:

All parish income is assessable except for the following exemptions noted below:

1. Debt reduction:

Debt reduction collections are not exempt from Cathedraic assessment, however, during the year payments are made towards debt principal, those payments will be deductible from taxable receipts. Separate collections may continue, but there will be no need to request an exemption when the funds are collected. Therefore, no annual letter will be needed to qualify for this deduction.

Funds already collected for debt that have been exempted previously will not receive a second deduction from taxable receipts. Debt reduction campaigns (greater than one times offertory) will require Bishop's approval and consultation with the diocesan Development staff through the Catholic Community Foundation prior to the debt reduction campaign or collection.

2. Endowments:

Contributions to an endowment, regardless of the source of funds, i.e. bequest, donor intention or surplus funds, will be deducted from taxable receipts. Please note that any new donor-restricted permanent endowments established after September 19, 2015 must be deposited with the Catholic Community Foundation.

Gains or losses, realized or unrealized, and interest and dividends, will be exempt from tax for all endowments in the Catholic Community Foundation. For parish endowments to qualify for this treatment, the parish must have in place by-laws and an investment policy statement for their endowment.

Draws on endowment income for parish programs or other restricted purpose will be subject to tax in the year taken, but the principal that remains invested in the Catholic Community Foundation will not be taxed.

3. Capital Campaign Income:

For the proceeds from a capital campaign to be exempt from Cathedral tax, projects must be approved in accordance with the Diocesan Construction and Renovation Policy, including review by the Building and Renovation Commission (BARC), when required.

Each parish must receive the approval from the Bishop in advance of the campaign. The design of any capital campaign in excess of one times offertory must be in consultation with the diocesan Development staff through the Catholic Community Foundation.

Only one letter of approval is required before the onset of any capital campaign and will be effective for the planned period of the campaign (i.e. 2-5 years). A general guideline is that projects greater than 50% of parish offertory and/or \$500,000 would be eligible for an exempt capital campaign, i.e., a campaign in which the proceeds are exempt from tax.

4. Building and Maintenance Collections:

Please note that funds collected for general building repair and maintenance are **not** exempt. This is consistent with existing policy; however, many exceptions had been granted. All exceptions to this policy discontinued as of June 30, 2016. Therefore, there is no need for any letters requesting exemption for building and maintenance funds or collections. For budget and annual report purposes, these collections may be included in the Sunday and Holy Day line items on the aforementioned reports.

5. Other exempt categories:

Please note that there is no need for a letter requesting exemption for of the following types of income:

- Parish Charities- separately collected from Sunday and Holy Day collections, not from separate fundraising events
- National or Diocesan collections
- Annual Diocesan Appeal parish share proceeds

- Living Our Mission Campaign parish share proceeds
- Proceeds from insurance claims