

Approved Spending Limits Indebtedness and Other Spending

The Board of Directors shall exert every effort to pay all current bills and wages as they fall due.

The Board of Directors may by a majority vote (Pastor and Lay Directors) contract debts in an amount equal to ten percent (10%) of the offertory of the Corporation during the preceding fiscal year. Debts in excess of this amount may be contracted only upon the vote and consent of all the Directors (Bishop, Vicar General, Pastor and Lay Directors).

The Vice-President and Secretary shall be authorized, with the consent of a majority of the Board, to give notes in evidence of indebtedness within the above specified limits; but under no circumstance may such officers execute a document affecting the title to the real property of the Corporation without the unanimous consent of the Board, which includes a written proxy from the President and Vicar General Director. Absent said proxy, the President will execute all documents affecting the title to real property.

All evidences of indebtedness of whatever nature, and in whatever amount, require a unanimous vote of the Board of Directors when the total indebtedness of the Corporation exceeds the limits specified above.

A majority of the Board of Directors shall be empowered to authorize purchases and repairs and improvements involving costs not exceeding the limits as noted below.

Limits other than indebtedness:

- A. Parish corporations with 50 or fewer households require unanimous approval of the Board of Directors for expenses that exceed \$10,000 or a series of smaller amounts for a single purpose that exceed \$10,000. For example a remodel with carpet, labor, and materials provided by separate sources and combined exceed \$10,000.

Example 1: St. John's Church has 45 households, last year's offertory was \$23,500, and is considering a project of \$9,000. Since a project of \$10,000 or less can be approved at the parish corporation level by the parish finance council and a majority vote of the Board of Directors (e.g. Pastor and two Lay Directors), no additional approval is needed. However, the Diocesan Properties Manager must be notified of the project at least 60 days before work is to begin, and the majority approval of the project must be recorded in the official records of the Corporation.

Example 2: John's Church has 45 households, last year's offertory was \$23,500, and is considering a project of \$11,000. Since projects exceeding \$10,000 must be approved by a unanimous vote of the Board of Directors. A letter requesting permission must be sent to the President (Bishop) and fifth director (Vicar General) explaining the project, costs, plans for payment, etc. The Bishop and Vicar General will then either approve or not approve the project. If the project is approved a signed proxy will be returned to the Corporation for the Vice-President (Pastor) to hold a meeting with the two Lay Directors to approve the project and record the unanimous approval in the Corporation official records, and the Contract Review Policy must be followed since the value of the project exceeds \$10,000.

- B. Parish corporations with more than 50 households require unanimous approval of the Board of Directors for expenses that exceed the greater of \$20,000 or ten percent (10%) of the preceding year's offertory.

Example 1: St. Mary's Church has 600 households, last year's offertory was \$325,000, and is considering a project of \$18,000. Since a project of \$20,000 or less can be approved at the parish corporation level by the parish finance council and a majority vote of the Board of Directors (e.g. Pastor and two Lay Directors), no additional approval for the project is required. However, the Diocesan Properties Manager must be notified of the project at least 60 days before work is to begin, and the majority approval of the project must be recorded in the official records of the Corporation.

Example 2: St. Mary's Church has 600 households, last year's offertory was \$325,000, and is considering a project of \$30,000. Since a project of the greater of \$20,000 or 10% of the preceding year's offertory (\$32,500 in this example) can be approved at the parish corporation level by the parish finance council and a majority vote of the Board of Directors (e.g. Pastor and two Lay Directors), no additional approval for the project is required. However, the Diocesan Properties Manager must be notified of the project at least 60 days before work is to begin, the majority approval of the project must be recorded in the official records of the Corporation, and the Contract Review Policy must be followed since the value of the project exceeds \$20,000.

Example 3: St. Mary's Church has 600 households, last year's offertory was \$325,000, and is considering a project of \$50,000. Since a project exceeding the greater of \$20,000 or 10% of the preceding year's offertory (\$32,500 in this example) must be approved by a unanimous vote of the Board of Directors. A letter requesting permission must be sent to the President (Bishop) and fifth director (Vicar General) explaining the project, costs, plans for payment, etc. The Bishop and Vicar General will then either approve or not approve the project. If the project is approved a signed proxy will be returned to the Corporation for the Vice-President (Pastor) to hold a meeting with the two Lay Directors to approve the project and record the unanimous approval in the Corporation official records, and the Contract Review Policy must be followed since the value of the project exceeds \$20,000.

NOTE: Whether unanimous approval of the Corporate Board (including the Bishop as President and Vicar General as a Director) is required or not, the Diocesan Properties Manager is to be contacted whenever a project is being considered at a parish/institution. Although notification is required at least 60 days before a project is to begin, making this contact as early as possible may provide additional insight for the project and possibly lower costs.

Contract Review: Limits for the Contract Review Policy are a separate matter than limits requiring approval. Administrators of temporal goods may want to request contract review by contacting the Diocesan Properties Manager for contracts below the set limits to ensure they do not subject the parish/institution and pastor to unnecessary liability. The decision and subsequent accountability belong to the pastor/administrator for contracts below the Contract Review Policy limits.