

Total Commitment Allocation System Manual

Summary of 2020 Revision

The Archdiocese Finance Committee has approved the revision of the Total Commitment Allocation Manual that has been in use for the last three years in order to improve its readability, clarify some of the text that has caused confusion in the past, and update the list of allowable deductions to make them more equitable, practical, and consistent across the parishes in the Archdiocese. An additional purpose of the revision is to incorporate in the Manual recent decisions by the Finance Committee regarding the Total Commitment sharing by the Metropolises, and the Archdiocese support of the Metropolises. Lastly, the title of the manual was changed to the “Total Commitment Allocation System” to correspond with the Archdiocese Total Commitment process.

The majority of the changes are non-substantive formatting edits and revisions of the text and the examples to improve readability and eliminate inconsistencies with the Total Commitment Data Form (Allocation Form.) In addition, the date of making the Manual available to the parishes was changed to March 1st. The substantive changes are summarized below:

A. Allowable Deductions

- a. Capital Improvements and Major Repairs – Page 10
Added clarification of the definition and categories of capital improvements and major repairs.
- b. Fundraising Expenses – Page 10
 - i. Allocation of certain parish overhead expenses—such as utilities, maintenance, secretarial, security, and insurance-- to fundraising activities has not been allowed in the past. Such allocation of expenses will now be allowed subject to the cost allocation guidelines discussed below.
 - ii. The purchase cost of the parish bookstore items —not the bookstore overhead—will now be an allowable expense deduction
- c. Parochial, Greek, and Catechism schools – Page 11
The key change is the clarification of the guidelines under which certain parish overhead expenses can be allocated to parochial and Greek schools subject to the cost allocation guidelines below. Allocation of overhead expenses to Sunday Catechism schools is not allowed.
- d. Charitable Giving – Page 11
Clarified the targets for allowable charitable giving deductions as follows:
*Metropolises, Archdiocese or Patriarchate or any of their related ministries;
Organizations under the Assembly of Canonical Orthodox Bishops in the United States; Other non-profit organizations; Individual assistance and scholarships*
- e. Guidelines for allocating certain parish expenses—Page 11

Although allocation of certain parish overhead expenses such as utilities, insurance, telephone, secretarial, repairs, and supplies has been allowed in the past to some parish activities and ministries which do not track these expenses individually, the allocation guidelines were vague and their application has been inconsistent across the Archdiocese parishes. To remedy these issues, a section on cost allocation guidelines has been added, which sets clear and concise conditions under which allocation of expenses can be allowed. The key conditions for allocating expenses are:

- i. The method and rationale of the allocation must be well defined, documented by the parish, and approved by the local Metropolis Finance Committee.*
- ii. The allocated expenses must be significant –more than \$2,500 annually per category, must be on-going throughout most of the year, and must be incremental—the cost in question would not have been incurred except for the activity or ministry to which the expense is allocated.*

B. Data Form (Allocation Form) –Appendix 1-1, Pages 19

The Allocation Form format was modified slightly as follows:

- a. Some of the parish contact information was moved to the second page of the form to improve the form’s readability.
- b. The chronology of the two data columns was changed to show the immediate past year first (i.e., 2019) and the previous year second (i.e., 2018.) This was done to accommodate most accounting systems financial reporting.
- c. Added a Page Reference column for each data year to aid in the reconciliation of the claimed deductions. Each deduction must be reference to a corresponding line of the parish’s income statement.
- d. Although it may seem repetitive, the words “included in Line B above” was added in every expense category on the form to, hopefully, eliminate a common error in completing the form.

C. Data Form (Allocation Form) Data Reconciliation Form–Appendix 1-4, Page 22

As discussed earlier, every claimed deduction must be referenced to a line of the parish’s income statement. To aid the parish’s reconciliation of expenses, a reconciliation form is included in the allocation form package. Parishes have the option of using other formats to the extent the report is clear and the mapping of expense to the financial reports is accurate and easily understood.

D. Data Form (Allocation Form) Questionnaire–Appendix 1-3 , Page 21

To assist in ensuring that all information is correctly prepared , a questionnaire is included that must accompany the submission of the Allocation Form

E. Completed Form Examples – Pages 23 -26

Examples of a completed allocation form and supporting information are included on Pages 23-26 to aid those preparing the parishes’ allocation forms

F. Role of the Finance Committee in the Total Commitment Process – Page 7

The following text was added to clarify the Committee's role:

All Data Forms are ultimately reviewed by the national Archdiocesan Finance Committee for consistency across all Metropolises. The final determination as to consistency with the Data Form guidelines is the responsibility of the Archdiocesan Finance Committee and resolved at its July meeting when all Data Forms are reviewed. All Metropolises are represented at the July meeting for this review.

G. Total Commitment Sharing by the Metropolises – Page 16

On April 18, 2019, the Finance Committee formally clarified and approved the policies for the determination of Total Commitment ("TC") Sharing with Metropolises. These policies are included on Page 16 of the Manual. No significant changes have been made to the actual percentages of the sharing that have been the policy in the last several years.

H. Archdiocese Support of the Metropolises –Pages 16 and 17

The Archdiocese ensures every Metropolis and DAD has funds to provide the core services needed to serve its constituent parishes through Total Commitment Sharing. As approved by the Archdiocese Finance Committee at the March 18, 2018 meeting, this is accomplished by providing minimum funding through the Total Commitment Sharing with Metropolises process as described on Page 17 of the Manual. *In summary:*

The minimum funding for a Metropolis (before TC Sharing) will be the greater of 25% of the amount collected or \$486,053 for 2019. The minimum funding is increased each year at the same percent that aggregate GOA Total Commitment is increased.