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Mission Statement of the Archdiocese of Milwaukee:

To proclaim the Gospel of Jesus Christ through his saving death and resurrection by calling, forming and sending disciples to go and make new disciples. As a people, we are called to encounter Jesus and grow as disciples through the sacramental life of the Church.

Volume 4 • December 2025

Advent Blessings

As we start Advent and a new liturgical year, we have many things to be thankful for. For those working in parish and school offices, it may be giving thanks that the fall work of school audits and confidential financial statement submissions are completed!

This newsletter includes a number of calendar year end reminders, especially regarding IRS due dates. With 2026 being an even year, the property tax exemption forms will be due on March 31st. Read about this and more!

Rob Kratoska, CPA, CMA

Director of Parish & School Financial Consulting

Priest Compensation Year End Letter

Per IRS rules, housing costs for ordained ministers are not taxed for federal or WI state taxes, but they are taxed under the Social Security Self-employment tax. Therefore, priests need to make sure that they have their housing costs for the calendar year, which includes the priest compensation workbooks for FY 2024-25 and FY 2025-26. Employers may help facilitate this data gathering by providing their priests with letters that document the calendar year housing allowance.

This letter is optional to use, but is recommended:

January 2025

Dear Father <<Name>>:

The parish pays your housing allowance <<monthly, biweekly, etc>>.

Please keep in mind that the value of housing is a tax free benefit for Federal and State income taxes only. It is **not** tax free for the purpose of Social Security Self-employment tax.

With tax season upon us, this is a reminder that even though your housing information is not on your 2025 W2, **you must provide your housing information to your tax preparer.**

Your 2025 Housing Allowance is \$XX,XXX.XX.

If you have any questions please feel free to contact <<Business Manager>> at (XXX)-XXX-XXXX or by email at <<Email Address>>.

Charitable Contributions – Due Dates

Written acknowledgements to donors must be made no later than January 31 of the year following the donation. Please make sure your parish is following these guidelines with regards to donations received toward the end of the calendar year, to be eligible for a 2025 tax deduction:

- Credit card, ACH, Google Pay and PayPal donations must have a “transaction posting date” of December 31st or earlier. Due to batch processing, sometimes a parish may not receive the credit card or other electronic donations until January.
- Donations via check must be postmarked by USPS on or before December 31st. For checks that are sent via UPS, FedEx or DHL, or hand delivered, they must be physically **received** by December 31st. A check with a December date but a January postmark date is considered a 2026 tax deduction.
- Wire transfer donations must be **received** by December 31st. It can take several days after a wire is initiated for the transfer to occur, so donors must plan ahead.
- [Qualified charitable donations \(QCD\)](#) are not deductible as charitable contributions but should be acknowledged as of the date the parish received the gift.
- Stock donations must be transferred (reflect change in ownership to parish or received by parish brokerage account) by December 31st to be eligible for a 2025 tax deduction. Donors must plan ahead.

Year End Payroll Reminders Form W-2

See IRS website: [General Instructions for Forms W-2 and W-3 \(2024\) | Internal Revenue Service](#)

W-2 format: [2025 Form W-2](#)

- The due date to file W-2, W-2AS, W-2CM, W-2GU, W-2VI, W-3, and W-3SS with Social Security is **January 31, 2026**. If you e-file W-2 forms, you do not need to calculate and submit a W-3 transmittal form; the Social Security Administration generates a W-3 automatically.
- Employee W-2 statements due January 31, 2026.
- Employers that want to report the amount of priest pension withheld from the priest’s pay may enter this information in Box 14 “Other” of the W-2 or provide it on a separate form such as the priest’s paystub. Do NOT enter priest pension amounts in Box 12 of the W-2.
- All full-time lay employees eligible for the lay pension plan and ALL priests must have the “Retirement Plan” box checked in Box 13 of the W-2. All employees who contribute to a 403(b) should have "Retirement Plan" checked in Box 13.
- A gift to an employee (person who receives a W-2) of a tangible item of de minimis value (less than \$100) is not included in that person’s taxable wages (Box 1 of the W-2). Examples of tangible items are a turkey, gift basket, wine or coffee mug. All other gifts or bonuses of cash or cash equivalent (e.g., gift cards), regardless of amount, issued by the parish/school (including affiliated organizations such as Home and School) must be added to Boxes 1, 3 and 5 of the employee’s W-2.
- Do NOT report some payments to employees on Form W-2 and some on Form 1099. ALL payments made from employer to employee must be on Form W-2.

Affordable Care Act (ACA) Reporting for Calendar Year 2025

Benefit Allocation Systems (BAS) will send Form 1095-B to **all** individuals with medical coverage under the St. Raphael Health Plan (SRHP) and will complete and transmit summary Form 1094-B to the IRS. For our large employers (i.e., employers with 50+ FT equivalent employees) *that opted to have BAS complete the ACA reporting for them*, your full-time employees will receive Form 1095-C which notes their offer of coverage, and summary Form 1094-C for your location will be completed and submitted to the IRS on your behalf. Your role as administrator will be to enter hours in MyEnroll.com for your PT employees if you have not done this throughout the year. Hours for FT employees default to 130 hours per month. Please watch for a communication next month from BAS (ACA-Services@BASusa.com) regarding ACA reporting responsibilities for 2025. Small employers (i.e., employers with 49 or fewer FT employees) are not required to complete the 1095-C and 1094-C forms.

Church Unemployment Pay Program (CUPP) Updates

On November 7, 2025, the CUPP Board approved the release of a new version of the *CUPP Policy Handbook*, which is now available on the CUPP website at cuppwi.org. Please read this new version carefully as there are several changes. Three changes are particularly important:

- CUPP's Fiscal Administrator has a new email and phone number (*Handbook*, p. 3): finances@cuppwi.org 608-257-4630
- Claimants will now be required to submit their appeals electronically in their claimant portal (*Handbook*, p. 11). Employers must continue to email their appeals to the Claims Adjudicator.
- Claimants will now be required to perform four (4) job search actions per week and enter the relevant information weekly in their claimant portal (*Handbook*, p. 7).

This new online *Handbook* is dated November 7, 2025. Please discard any previous versions that you may have printed.

Please remember that employer participants or their representatives must inform employees of the CUPP Program upon hire or up until receipt of the employees' final earnings.

General Program information is also available at cuppwi.org.

To ensure that you receive future correspondence, employer participants should make certain three emails are included in their organization's approved email contacts: info@cuppwi.org, finances@cuppwi.org, and CUPP@turkelaw.com.

Upcoming Microsoft Teams Webinars

The following training opportunities will be offered by Microsoft Teams Webinars over the next few months.

Registration is required to attend. Please click on a date to register.

Catholic Mutual Group (CMG) presented by Kevin Carnell, Claims Risk Manager (60 min):

[Wednesday, December 10, 2025, 1:30pm](#)

2026 Catholic Stewardship Appeal Kickoff presented by Jenny Mendenhall, Director Catholic Stewardship Appeal (60 min):

[Wednesday, January 7, 2026, 10:30am](#)

Budget Template for FY 2026-27 presented by Parish & School Financial Consulting (90 min):

[Thursday, January 29, 2026, 10:00am](#)

[Tuesday, February 24, 2026, 2:00pm](#)

Communications at Parishes and Schools presented by Kelsey DeMarais, Director of External Communication (60 min):

[Thursday, February 12, 2026, 10:00am](#)

Property Tax Exemption Reporting for 2026 presented by Sharon Hanson, Legal Counsel (60 min):

[Wednesday, February 18, 2026, 1:30pm](#)

Recorded training sessions and presentations, if available, may be viewed here:

<https://www.archmil.org/offices/parish-school-financial-consulting/training.htm>

Mass Stipend (Intention) Reminder

In 2015, the Archdiocese of Milwaukee sought guidance from the IRS on the nature of mass intention donations.

The IRS provided a clear response that money given to a parish for mass stipends **does** qualify as a charitable contribution, since there is no financial or economic benefit received by the donor.

As such, parishes are expected to include donations received for mass stipends (intentions) on a donor's contribution statement.

Property Tax Exemption Reports (PC220)

In the new year, you should receive the TAX EXEMPTION REPORT FOR 2026 forms PC-220 and/or PC-220A from the taxation district clerk in which your tax-exempt property is located. Section 70.337(6) of the State Statutes requires owners of tax-exempt real property, including church and church related properties, to complete and **file this report by March 31** of each even numbered year.

If you do not receive the reporting form, please contact your taxation district clerk because **the burden of filing rests with the property holder**. Failure to file will require the taxation district clerk to have the property appraised by either the district assessor or a person hired by the district to conduct the appraisal, **at the owner's expense**. It may also result in the property being put back onto the tax rolls.

You may complete the forms (or print blank forms) online by using the links below. Completed forms must be printed and mailed to your taxation district. These forms are NOT filed on-line.

Form PC-220: <https://www.revenue.wi.gov/DORForms/pc-220f.pdf>

Form PC-220A: <https://www.revenue.wi.gov/DORForms/pc-220af.pdf>

Additional instructions for completing these forms are found [at this link](#).

Please send a copy of your completed form to the Archdiocesan Office of Financial Services via email (wrights@archmil.org) or mail (PO Box 070912, Milwaukee, WI 53207-0912).

Love One Another (LOA) Campaign

If your parish has questions about the Love One Another Campaign, please contact:

Finn Nolan
Associate Director of Pledge Fulfillment
nolanf@archmil.org
414-769-3459

Donors who are mailing in LOA checks should send the checks to:

Love One Another Campaign
PO Box 78642
Milwaukee, WI 53278-8642

Does Your Parish/School Handle Its Own Payroll and Other Tax Filings?

Most parishes and schools outsource payroll, and the payroll vendor handles the payroll tax filings.

If your entity has 10 or more information returns, you must electronically file-W2, W2G, 1099-misc, and 1099-NEC. All these forms are considered information returns, so any combination of information returns that equal 10 or more must be electronically filed.

To obtain a TCC to file information returns electronically on the Filing Information Returns Electronically (FIRE) System, go to Information Returns (IR) Application for Transmitter Control Code (TCC) on the FIRE webpage located at: <https://www.irs.gov/e-file-providers/filing-information-returns-electronically-fire>.

School Choice: Fiscal & Internal Control Practice Audits

The Fiscal & Internal Control Practice Audits are due to Department of Public Instruction on December 15th.

As soon as a school has its final Fiscal & Internal Control Practice Audit completed, please submit the report to parishfinance@archmil.org. As a reminder, these audit reports should be shared with a parish's trustees and finance council. If there are any lines on the table in the report that are out of compliance, the finance council should be working with the parish's finance person to remediate the issues. See Dept of Public Instruction's website for details: [Private School Choice Fiscal & Internal Controls](#)

Liability Issues Arise from Unaffiliated Organizations Using Parish Property

It is a good time to review the procedures for managing the risks that a parish assumes when it allows outside organizations to meet on parish property. A parish is vulnerable to claims and lawsuits arising from the activities of an unaffiliated group that is allowed to use parish facilities. For that reason, it is important to be knowledgeable of all groups meeting at your parish.

Here are characteristics of a Parish Affiliated Organization:

The group is established to function within the parish as part of the parish's mission and it is accountable to the parish, usually through the Parish Pastoral Council or one of its committees, and ultimately to the pastor.

1. The group is under full control of the parish and is not separately incorporated.
2. The group's funds flow through the parish, and the group provides a full accounting of its activities to the parish. The group's funds are essentially parish funds.
3. The purpose of the group is to fulfill the mission of the parish.

If a group does not meet the above criteria, they are considered an Unaffiliated Organization. Even if the group sounds or is Catholic in nature and practice, they are not necessarily affiliated with the parish. The following guidelines should be applied to an Unaffiliated Organization:

1. The group should not be allowed to use the name of the parish to identify itself. Example, "St. Mary's Card Club." This includes any advertising or marketing materials.
2. The group should not be allowed to use the parish tax ID number.
3. Unaffiliated Organizations should not be allowed to meet on parish property unless they have:
 - a. Signed a Facility Usage Indemnity Agreement and complied with the insurance requirement.
 - b. Signed an Unaffiliated Organization Agreement
 - c. Purchased Special Events Coverage.

These forms are available through Catholic Mutual Group, at 262-255-6906.

Form 1099-NEC

Issue [Form 1099-NEC](#) (Nonemployee Compensation) to any vendor that provides services of \$600 or more in a calendar year, unless the vendor is a corporation or tax exempt entity. An LLC is not necessarily a corporation.

Request a [Form W-9](#) to get the payee's tax identification number and confirm their federal tax classification. 1099s are transmitted to the IRS on Form 1096. Note that a 1096 separate from the W-2G transmittal is required. The due date for filing Form 1099-NEC (with Form 1096 transmittal) to the IRS is **January 31, 2026**.

Due to the updated [IRS Form W-9](#), review the parish's current service providers list and request updated W-9s. The IRS updated the W-9 Form as of March 2024. The owner's name should be on Line 1 and the disregarded entity's name is on Line 2 (if applicable).

Priest help-out that exceeds \$600 in the calendar year requires a 1099-NEC. Also included are catechist and musician (if these individuals are not employees) stipends that exceed \$600. Mileage reimbursements at or below the IRS maximum are not included on the 1099.

[Form 1099-MISC](#) still exists for other qualifying payments of \$600 or more made during the calendar year, including raffle or prize winnings (unless a Form W-2G must be used). Refer to the IRS website for reporting requirements.

Hold the Date! Upcoming Stewardship Webinars

- 1) It's Not About the Money... (But Let's Talk Offertory...) Tuesday, February 10, 2026, 1:00pm
- 2) Find Volunteers: Tips, Tools & a Little Holy Spirit Thursday, March 5, 2026, 10:00am
- 3) Fall Appeal Fatigue? Weekend Renewal to the Rescue! Wednesday, April 15, 2026, 1:00pm

Contact Cindy Lukowitz, Director of Stewardship, for more information: LukowitzC@archmil.org or 414-769-3572.

CSA 2026: Planting Seeds. Harvesting Hope

The 2026 Catholic Stewardship Appeal officially launches the weekend of February 7–8. Your leadership and engagement play a vital role in the Appeal's success, and we are grateful for your continued support.

This year's theme, "Planting Seeds. Harvesting Hope" reminds us that every act of generosity strengthens the mission of our Church and bears fruit in the lives of those we serve. CSA materials, including posters, envelopes, and digital resources, will arrive in parishes in early January to help you prepare for launch weekend.

Parish Goals for CSA 2026

Parish goals for the 2026 Appeal are determined using the following formulas:

- Financial Goal: 8% of the five-year average of your parish's envelope and offertory.
- Participation Goal: 2% higher than your parish's 2025 participation percentage.

Pastors will receive their parish goals in January.

Selecting a CSA Parish Advocate

Each parish is encouraged to identify a CSA Parish Advocate, a volunteer who helps promote the Appeal and supports the in-pew solicitation process. When selecting your advocate, consider someone who:

- Is enthusiastic, creative, and dependable
- Believes in the mission of the Appeal and supports it personally
- Can help extend your parish's outreach and ease your workload

Find an overview of parish and parish advocate responsibilities here:

<https://www.archmil.org/ArchMil/Resources/ParFin/202511CSAParishResponsibilitiesandParishAdvocateRole.pdf>.

Please register your advocate online at:

<https://archmil.regfox.com/parishadvocate2026> by Tuesday, Dec. 30th.

2026 CSA Kickoff Webinar

Click to Register: [Wednesday, January 7, 2026, 10:30am](#)

This online session will equip parish leadership and CSA Parish Advocates with tools and strategies for a successful 2026 Appeal. Whether you've participated in past years or are joining for the first time, you'll receive helpful guidance on goals, timelines, messaging, and parish engagement. Pastors, parish directors, CSA Parish Advocates, and parish staff are encouraged to attend.

Changes to Class B Liquor License Applications

Recently, the State of Wisconsin began enforcing the requirement for background checks for officers of the corporation requesting a Class B Liquor License.

For parishes, this means that the archbishop, as president of the corporation, may need to complete the background check form.

If your parish plans to apply for a Class B Liquor License, please contact Sharon Hanson, Legal Counsel, with the form, and she will coordinate completing the form and returning the completed form to the parish.

State of Wisconsin Temporary Alcohol Beverage License:

<https://www.revenue.wi.gov/DORForms/ab-220f.pdf>

Digital Discipleship Conference

February 5, 2026, 9:30am-3:30 pm
St. Leonard Church, Muskego

The Digital Discipleship Conference 2026 is a one-day gathering that will empower parish leaders to harness digital tools for their ministry. Dive into dynamic workshops covering AI-enhanced faith formation, social-media strategy, cybersecurity, livestream worship best practices and more. With peer-led sessions and hands-on learning, you'll leave equipped to engage your community, streamline operations and deepen discipleship through digital channels. Whether you serve in formation, administration, liturgy or communications — this event will spark fresh ideas and actionable steps to elevate your mission. [Register today to save your seat!](#)

DIGITAL DISCIPLESHIP CONFERENCE

February 5, 2026

St. Leonard Church, Muskego, WI

9:30 am-3:30 pm

Topics include

AI in Ministries

Communication Strategies

Microsoft Excel

Live Streaming Production

Canva for Bulletins

Staff Cybersecurity

Next Level Social Media

ParishStaq

Music Notation Software

Who should attend?

Pastors/Parish Directors

Business Admins

Music and Liturgy Directors

Formation Directors

Communication Directors

Administrative Staff

Register at

mareda.regfox.com/digital-discipleship-conference-2026

or scan the QR code



Upcoming Archdiocesan Office Closures

The Archdiocese of Milwaukee offices will be closed on the following dates:

Monday, December 8, 2025

Wednesday, December 24, 2025

Thursday, December 25, 2025

Friday, December 26, 2025

Wednesday, December 31, 2025

Thursday, January 1, 2026

Friday, January 2, 2026

Why the Mass has No Price Tag

Have you ever wondered why Mass stipends are considered donations and included on a donor's year end charitable contribution summary?

Watch this episode of Aquinas 101 from The Thomistic Institute to learn more:

[Aquinas 101 - Why the Mass Has No Price Tag #AskAFriar](#)

Mass Stipend Q&A

Q. What is the "Missa pro populo" and how is a stipend related to it?

A. A pastor is bound on each Sunday and holyday of obligation to offer a Mass for the intention of the people entrusted to him. If he is unable to do so, he is to have someone else apply the Mass on these days or apply it himself on other days. A pastor assigned to more than one parish fulfills this obligation by offering one mass for all the faithful entrusted to him. (c. 534) He may not take a Mass offering for this Mass. If he transfers its fulfillment to someone else, he is personally to provide a Mass offering to that priest.

Q. What happens if a priest celebrates more than one Mass a day and each Mass has an intention and offering?

A. A priest who celebrates more than one Mass on the same day must apply each Mass for the intention for which an offering was made. However, he may retain for himself the offering for only one Mass; the others he is to send to Chancery for the "bination / trination" fund. A priest may not accept an offering for a second Mass on a given day if he is a concelebrant at that Mass. On Christmas Day, a priest may retain all Mass offerings for Masses celebrated for given intentions.

Please contact the Chancery Office with questions regarding canon law and stipends: chancery@archmil.org.

Please contact parishfinance@archmil.org regarding how to account for these entries or see accounting information under "Other Revisions / Updates to PFMM:" [Parish Financial Management Manual](#)

Wisconsin School Choice

Several changes will be implemented for the 2026-27 school year for the Wisconsin School Choice program.

If your school participates or plans to participate in School Choice for the 2026-27 school year, please make sure that the school's School Choice Administrator is aware of the changes and attending the training sessions provided by the WI Department of Public Instruction (DPI) and by [School Choice Wisconsin](#).

DPI published a new bulletin in November 2025 to address the application process changes implemented by changes to Wisconsin's Administrative Code: [01-01 Application Process Bulletin 2026-27_final.pdf](#)

Finally, if your school is considering participating in School Choice, DPI is sending out communications about upcoming training to those schools who have filed their Intent to Participate (ITP). If you have not filed this yet (due January 10th), you may not be receiving information about upcoming training. Some of this training is not posted on DPI's website.

REMINDER Contract Nonrenewal Deadlines

Non-Renewal Deadlines:

- Principal: April 1
- Teacher: April 15

If there is a possibility of non-renewal, teachers should be issued a 60-day Performance Improvement Plan (PIP) by February 14th.

For support, please contact parishandschoolhr@archmil.org.

Helpful Tips for Difficult Conversations From Parish & School Human Resources

1. Prepare, but don't script

Think through:

- What is the key message you need to communicate?
- What outcome are you hoping for?
- What examples support your concerns?

Avoid scripting word-for-word; it can make you sound rigid or anxious.

2. Lead with intention, empathy and respect

Start the meeting with a prayer and then open the conversation with your purpose:

- "I want to talk about this because I care about your success."
- "My goal here is clarity and support."

This reduces defensiveness and sets a collaborative tone.

3. Be specific and objective

Focus on behaviors, not personality.

- Instead of "You're disorganized," try:
"The program materials were not ready before the school play or Mass last Sunday, which caused delays."
Specifics make feedback clear and actionable.

4. Use "I" statements

- "I've noticed..."
- "I'm concerned that..."
- "I feel that when ___ happens, it affects ___."

This avoids blame and encourages dialogue.

5. Pause after delivering your main message

People often need a moment to process.

Let silence work—it invites reflection instead of resistance.

6. Listen actively and reflect back

Show that you're truly hearing them:

- "I hear that this has been overwhelming for you."
- "It sounds like scheduling is where the frustration is happening."

This builds trust and lowers defensiveness.

7. Maintain a calm, steady tone

Your tone and body language often matter more than your words.

Slow down your speech, keep steady eye contact, stay grounded.

8. Separate intention from impact

Someone may not *intend* harm or disruption, but the *impact* still matters.

Framing it this way prevents a "but I didn't mean to!" spiral.

9. Collaborate on next steps

Ask:

- "What do you need to be successful going forward?"
- "What support will help improve this area?"
- "What can we agree to try over the next few weeks?"

People commit more fully to solutions they help create.

10. Document the conversation

Especially in school or church settings, it helps ensure:

- Everyone remembers expectations clearly
- Progress can be reviewed later
- Misunderstandings are avoided

11. End with encouragement and clarity

Affirm the person's dignity and reinforce expectations:

- "I appreciate you being open to this conversation."
- "Let's check in again on ___ to make sure we're on track."

Clear ending + supportive tone keeps the relationship strong.

Insurance Proceeds Accounting

When an organization suffers a loss, the exact accounting procedures may vary depending upon the type of loss, according to US GAAP. However, for most parish and school needs, this may be simplified by using account 3430 Insurance Proceeds.

The following accounts should be set up in your Chart of Accounts:

Account 3430 Insurance Proceeds: It should be an Other Income Account

Account 4775 Impairment Loss: It should be an Other Expense Account

One important aspect is that the insurance proceeds should be in a separate account, not netted within an asset account. To calculate a loss or a gain due to an insured event, the two (or more) accounts may be summed together.

For more information, see [FASB ASC 450 Contingencies](#). (You will need to click to get access to the FASB site and then click the link again to get to the specific page.)

#1 Parishes & Schools that do not Follow Capitalization & Depreciation

If the parish or school had damages that will be either partially or fully reimbursed by insurance, account 4740 should be used regardless of the repair. This will ensure the cost and the subsequent reimbursement from insurance do not affect the operations of the parish or school.

Example: Due to flooding the basement of St. Adelina was flooded and experienced \$60,000 worth of damages.

		Account #	Account Name	Amount Dr	Amount Cr
Entry for payment to repair from damages:					
Dr.		4740	Major Maintenance Expense	\$60,000	
	Cr.	1010	General Checking		\$60,000

St. Adelina filed an insurance claim with Catholic Mutual Group and was awarded \$50,000 for the damages caused by the flood.

Entry for reception of insurance funds from Catholic Mutual:					
Dr.		1010	General Checking	\$50,000	
	Cr.	3430	Insurance Proceeds		\$50,000

Parishes & Schools that Depreciate – Total Loss

Example: St. Adelina School on July 1, 2025, had a flood, and the school HVAC System was a complete loss. The current replacement cost was \$1,000,000. St. Adelina School HVAC System was replaced 10 years ago and had a useful life of 20 years. The HVAC was replaced for \$800,000 10 years ago.

On June 30, 2025, the value of the following fixed asset accounts were:

1730 Buildings - School	\$800,000
1795 Accumulated Depreciation	(\$400,000)

#2 Insurance Funds are Received in the Fiscal Year of Loss

Entry #1 St Adelina will need to record the impairment loss due to the flood. Impairment loss is the difference between the book value of the asset and the accumulated depreciation of the fixed asset.

		Account #	Account Name	Amount Dr	Amount Cr
Entry to record impairment loss:					
Dr.		1795	Accumulated Depreciation	\$400,000	
Dr.		4775	Impairment Loss	\$400,000	

Insurance Proceeds Accounting: Continued

Entry #2 St. Adelina received \$700,000 from Catholic Mutual of Insurance Proceeds due to the loss of the HVAC System.

Account 4775 Impairment Loss would be reduced up to the amount originally recorded. In the example below only \$400,000 of impairment loss was ever recorded. If the amount received was only \$300,000, then account 3430 would not be used and there would be a total loss of \$100,000 (\$400,000 impairment loss - \$300,000 recovery from insurance)

		Account #	Account Name	Amount Dr	Amount Cr
Entry to record insurance recovery:					
Dr.		1010	General Checking	\$700,000	
	Cr.	4775	Impairment Loss		\$400,000
	Cr.	3430	Insurance Proceeds		\$300,000

#3 Insurance Funds are NOT Received in the Fiscal Year of Loss

Entry #1 would remain the same. The impairment loss should still be recorded in the year the loss was incurred.

Entry #2 If St. Adelina didn't receive Insurance proceeds until a subsequent year, a prior period adjustment would need to be made to ensure the impairment loss is reduced in the correct fiscal year. An entry to Retained Earnings would be made rather than a negative expense to impairment loss.

		Account #	Account Name	Amount Dr	Amount Cr
Entry to record insurance recovery in subsequent year:					
Dr.		1010	General Checking	\$700,000	
	Cr.	29XX	Retained Earnings		\$400,000
	Cr.	3430	Insurance Proceeds		\$300,000

Note: If your Parish or School is ever in this situation, please reach out to parishfinance@archmil.org.

Parishes & Schools that Depreciate – Partial Loss

If a fixed asset was not a total loss but just needed to be repaired there would be no derecognition of the fixed asset since it would still exist. There are different accounting treatments depending on if the repair will increase the useful life of the asset and if the useful life remains the exact same.

#4: Useful Life of the Asset is Extended

Example: St Adelina's School had a fire, and a part of the building had to be refinished. Catholic Mutual covered 80% of the entire \$300,000 repair. The repair of the school building extended the useful life of the building by 5 years

Entry for repairs completed after flooding of school basement:					
Dr.		1730	Buildings	\$300,000	
	Cr.	1010	General Checking		\$300,000

When funds are received from Catholic Mutual St. Adelina recorded:

Entry for reception of insurance funds from Catholic Mutual:					
Dr.		1010	General Checking	\$240,000	
	Cr.	3430	Insurance Proceeds		\$240,000

St. Adelina will need to update its depreciation schedule for the school to extend the useful life of the building by 5 years and include the additional cost to repair the building on the schedule.

Insurance Proceeds Accounting: Continued

#5: Useful Life of the Asset is NOT Extended

Example: St Adelina's School had a fire, and only a classroom had to be refinished. Catholic Mutual covered 80% of the entire \$50,000 repair. The repair of the classroom did NOT extend the useful life of the building.

Entry for repairs of the classroom:

Dr.		4460	Repair and Maintenance of Buildings	\$50,000	
	Cr.	1010	General Checking		\$50,000

When funds are received from Catholic Mutual St. Adelina recorded:

Entry for reception of insurance funds from Catholic Mutual:

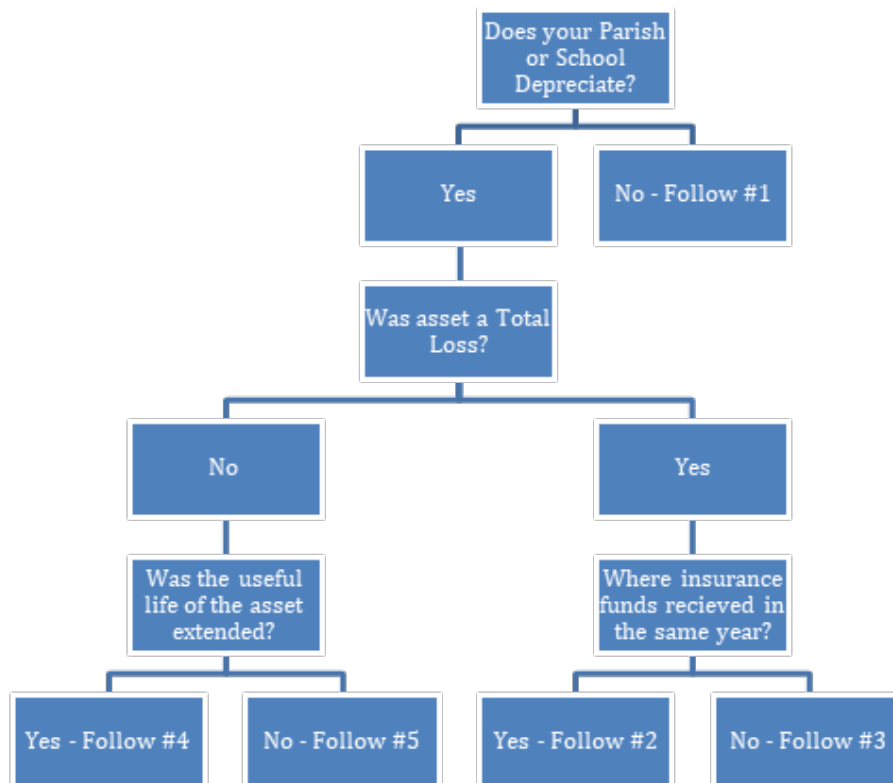
Dr.		1010	General Checking	\$40,000	
	Cr.	3430	Insurance Proceeds		\$40,000

Note: Insurance recoverability from Catholic Mutual is used just for example purposes and is not indicative of the amount that would be received by your parish or school.

FASB References

- [FASB ASC 610-30 Involuntary Conversions.](#)
- [FASB ASC 450 Contingencies](#)
- [FASB ASC 250-10 Prior Period Adjustments](#)
- [FASB ASC 360-10-35-4 Partial Loss Useful Life Extended](#)

Insurance Proceeds Accounting Flow Chart



Contacts

Parish & Schools Financial Consulting:

parishfinance@archmil.org

Rob Kratoska, CPA, CMA, Director of Finance

Parish & School Financial Consulting

kratoskar@archmil.org

414-769-3377

Michael Waddell, Parish Finance Consultant

Parish & School Financial Consulting

waddellm@archmil.org

414-769-3335

Dawn Thiele, Parish Finance Consultant

Parish & School Financial Consulting

thieled@archmil.org

414-769-3336

Chris Brown, Treasurer and CFO

Office for Finance & Administration

brownc@archmil.org

414-769-3325

Janice O'Connor, Lay Pension Coordinator

occonnorj@archmil.org

414-769-3317

Donna Steffan, Priest Pension Billing

steffand@archmil.org

414-769-3318

Sharon Hanson, General Counsel

hansons@archmil.org

414-769-3379

Maureen Wurster, HR and Benefits Administrator

wursterm@archmil.org

414-769-3423

For new HR inquiries, please contact:

ParishandSchoolHR@archmil.org or 414-389-88HR(47)

John Barker

Director of Parish and School Human Resources

barkerj@archmil.org

414-769-3370

Jennifer Pollock

Director of Human Resources

PollockJ@archmil.org

414-769-3356

Jackie Luther, Associate Director of Recruiting

jluther@archmil.org

414-769-3470

Sofia Thorn, MSW, LCSW, Victim Assistance Coordinator

Office of Sexual Abuse Prevention and Response Services

thorns@archmil.org

414-769-3332

Victim Reporting Line: 414-758-2232

Cynthia Garcia, Director of Safe Environment

garciaac@archmil.org

414-769-3447

Dan Kowalsky, Director of Development

kowalskyd@archmil.org

414-769-3329

Cindy Lukowitz, Director of Stewardship

lukowitz@archmil.org

414-739-3572

Checks from the Archdiocese of Milwaukee

If your parish receives a check from the Archdiocese of Milwaukee and you have questions about it, please contact our Accounts Payable team at: accountspayable@archmil.org.

Check Issuing Guidelines

If you are submitting a check to the Archdiocese, please make certain that it is clear what the check is for, for example, by using the memo line of the check.

<https://www.archmil.org/ArchMil/Resources/ParFin/FYSA-Newsletters/CheckIssuingGuidelinesrev2023.04.01.pdf>