Office of Parish Finance
Parish Bulletin

TOPIC
Electronic Giving[1] and Approved Vendors

INTRODUCTION

The Office of Parish Finance has worked closely with the Office of Parish Review and Advisory Services along with other departments within the Archdiocese of Denver ("**AoD**") to amend the approved online processing vendors that our Parishes may engage.

This Bulletin is being issued to communicate this update as well as highlight important considerations and information when selecting the right vendor for your Parish.

What vendors are approved by the AoD to utilize as an *online payment processing vendor*?

- Faith Direct by Ministry Brands Home - Faith Direct
- Flocknote Fund it – Fast, easy, & safe online giving for churches (flocknote.com)
- Our Sunday Visitor Online Giving | Our Sunday Visitor (osv.com)
- Pushpay Pushpay - Online Church Giving & Church Management Software
- Tilma Giving Giving | Tilma (tilmaplatform.com)
- Vanco Payments Online Payment and Donation Processing | Vanco Payments

[1] The **Electronic Giving** term is used to generally describe ways in which a donor can transfer funds to a Parish without physically transferring cash or writing a check. Electronic giving includes donations via credit/debit card, EFT/ACH or other electronic means that are available, including texting (donating using a telephone).

What should the Parish consider prior to selecting an approved vendor?

There are great benefits[2] to implement electronic giving and risks as you are dealing with money and donor relations, especially if proper security and protection are not in place. Each Parish is encouraged to carefully evaluate its own situation to determine if benefits outweigh risks and costs. Every approved vendor is packaged and priced differently, so it is important to know what your Parish needs from the service to find the best match for you. Refer to **Exhibit 1** for Service Considerations when considering which approved vendor to use.

The contracts and agreements with the approved vendors have been reviewed by the AoD's outside legal firm. Most of these agreements allow the vendor to update them at any point in time by posting new versions online.

The Parish should also be aware of the vendor's specific policies around termination (or the automatic renewal), changing the fee structure, limits around bringing claims to the vendor and what must be retained by the Parish (i.e. copies of customer authorizations, evidence of National Automated Clearing House Association ("**NACHA**") rule compliance, etc.). Additionally, as it relates to tax obligations within these agreements, the AoD suggests that you work directly with the approved vendor to ensure language like the below is incorporated:

> *[Vendor] acknowledges that [Parish] is a federally-recognized non-profit religious organization, and may be exempt from federal, state, and local taxes. [Vendor] agrees that it will not collect any taxes from [Parish] for which [Parish] provides a valid tax exemption certificate (or similar document as required by the applicable taxing authority). In the event [Vendor] is audited and a taxing authority attempts to assess [Vendor] for taxes relating to [Parish's] use of [the Services], [Parish] will assist [Vendor] in further documenting [Parish's] tax-exempt status.*

Additionally, electronic giving will have an aspect of marketing and best practices to be maintained that will need to be considered in your evaluation of selecting an approved vendor. Refer to **Exhibit 2** for a list of marketing and maintenance considerations when selecting an approved vendor.

[2] There are many benefits to be seen when a donor can be converted to an electronic giving program or persuaded to keep giving online if they have a reliable, consistent and user-friendly option. The Parish usually will see an increase in overall giving, as parishioners who have only been giving infrequently can now give consistently. In addition, offering alternative ways to give allows parishioners to make donations without being limited to strictly cash and check forms of payment.

Finally, it should be noted that the risks involved with using an in-house system can be overwhelming[3]. As a result, the AoD prohibits parishes from initiating in-house electronic giving programs and requires parishes who wish to begin an electronic giving program to use a vendor from the approved vendor list. **The AoD also strongly recommends that Parishes who are currently using an in-house system or the services of an electronic giving vendor who is not on the approved vendor list, to transfer to the services of one of the approved vendors.**

Considerations reviewed by the AoD when approving these vendors:

Vendors were approved based upon their ability to meet the following criteria:

- Money transfer policies, security encryption, and compliance with regulations. Specifically, each Parish is merchant of record and requires PCI compliance with all the vendors.
- Business history and size of firm for adequate backup.
- Amount of time that funds are held. The approved vendors do *not* act as a clearinghouse (i.e. money is sent directly to the Parish).
- Ease of process for parishioners and Parish.
- A credible Privacy Statement that, at the least, prohibits the vendor from selling or otherwise providing information about parishioners to a third party. No known security breaches.
- Reasonable fees charged for the services provided. Training support is available and fees would be negotiated with the Parish.
- The ability to provide donation activity to the Parish in a timely manner and in a format that permits entry into census/contribution tracking software.
- The ability for the parish to query the vendor's database to allow the Parish to monitor and review donations received or pending.
- The ability for the parishioners to access their electronic donation history.
- Proposed contractual terms and conditions.

Each of the approved AoD vendors has its own strengths and weaknesses. At the time this document was prepared, the approved vendors provided the appropriate security levels,

[3] All in-house electronic giving/donation programs currently in use, must be compliant with all rules and regulations within the NACHA and Payment Card Industry ("**PCI**") standards. Such PCI compliance includes completion of an annual Self Assessment Questionnaire ("**SAQ**") and obtaining a quarterly external vulnerability scan. Effective for fiscal year 2012, parishes that conduct in-house electronic giving will be tested for compliance with PCI and NACHA standards through the Archdiocese's internal audit procedures and/or the independent CPA review program. The purpose of these reviews will be to help ensure donor financial information is properly managed and protected.

adequate insurance coverage and dependable business practices that merited their inclusion on this list. However, Parishes should realize that these situations could change over time. Thus, as part of your own selection process you should inquire about security procedures, insurance protection/coverage and business practices of any vendor you are considering hiring for your parishes electronic giving.

Venmo Considerations

Although Venmo is a popular payment processing app, it was not created for non-profit use and has many drawbacks that should be considered before deciding to give parishioners the options to use it. Venmo does not yet support non-profits, so you cannot create an account for a specific nonprofit organization.

The AoD strongly discourages mobile payment services designed for peer-to-peer use, services that can be linked to personal bank accounts and/or services from which funds can be disbursed. These traits could circumvent a Parish's oversight and review controls. Refer to **Exhibit 3** for a list of limitations and challenges as it relates to Venmo.

Tuition Collection Considerations

Parishes continue to be allowed to use an in-house process to collect tuition electronically, but *not* offertory or other donations. There are significant differences between the collection of tuition and the collection of donations. For example, tuition is mandatory, usually the same amount on the same date over a specific period and if accidentally missed, the Parish can still require it.

Parishes that currently utilize an in-house process to collect tuition electronically are required to comply with the applicable rules and regulations as developed by the governing authorities. These requirements are imposed on anyone who initiates a charge against a bank account or credit/debit card.

Thank you. If Parish personnel have any questions or require further clarification, please reach out to the Archdiocese of Denver's Office of Parish Finance at aodparishfinance@archden.org.

Michele Buice	Paula Lopez	Tammie Brisby
Director of Parish Finance	Parish Controller	Parish Finance Specialist

Exhibit 1 Service Considerations

- System considerations:
  - Easy and confidential sign up and modification by parishioners.
  - Good customer support for donors and the parish. (Your donors will see this as an extension of your Parish.)
  - The opportunity for parishioners to designate gifts for special collections, Holy Days and any other parish collections, fundraising or payment of youth ministry, religious education or other fees.
  - Reporting which facilitates easy/electronic entry into the Parish census/accounting software.
  - A secure environment.
  - Frequency of donation options – can the Parish determine the frequencies? Can donors give at any time, or are they limited by the vendor to a certain number of times to give each month?
  - Does the vendor provide marketing assistance? Do they provide marketing materials, prepare and send out mailings?
  - Who is the merchant of record for credit/debit card transactions?
  - Each approved vendor provides a different level of service – evaluate which services will be of most value to your parish.
  - Does the vendor provide support in converting from your current vendor to an approved vendor?[4]
- Evaluate cost of services based on long-range projections of usage:
  - Estimate how many donors you believe will convert to electronic giving, how many dollars you believe they will donate using electronic giving, if they will use ACH or credit/debit cards – then estimate the Parish cost of the services for each vendor. Assuming the number of donors and the total amount being donated via electronic giving will increase each year, estimate the cost for several years.
- Evaluate the terms of the contract.
- Evaluate marketing capabilities of each of the approved vendors – every successful electronic giving effort requires marketing. How will you market this program to the parishioners? Each of the approved vendors provides various options and alternatives in this area.

[4] Understand implications with current vendor and contract before entering new contract (i.e. penalties for terminating the agreement). Once the change is deemed appropriate, work with the new approved vendor to set up the new online giving system and send communications to all parishioners. Consider providing a simple series of steps or a checklist to assist those parishioners in migrating their electronic giving to the approved vendor (including stopping their donations from the previous vendor's website). Monitor that parishioners have terminated services with the other vendor.

Exhibit 2 Marketing and Maintenance Considerations

Marketing

Each approved vendor has different marketing materials and provides a different level of marketing services as part of their program. You will want to choose the vendor who provides the marketing services which best fits your Parish needs. Each Parish should consider if they have staff or volunteers to handle the marketing efforts.

Here are some marketing strategies:

- The Pastor, with the support of the Finance Council, needs to encourage parishioners to use the program. If the Pastor supports it, parishioners will support it. Pastors should show their support through:
  - Letters and sign-up information mailed to parishioner homes.
  - Speaking at electronic giving information night or other parish gatherings.
- Request Parishioners who have signed up for the program to talk about their satisfaction with the program. This can be done through:
  - Speaking from the pulpit before or after Mass.
  - Speaking at an electronic giving information night or other parish gatherings.
  - Providing written parishioner testimonials about using electronic giving
- Your electronic giving program should be tied into your annual stewardship efforts.
  - Parishioners should be encouraged to consider electronic giving.
  - Parishioners already using electronic giving should be encouraged to update their giving.
- Information about electronic giving should be included in:
  - Welcoming packets for new parishioners.
  - Periodic bulletin announcements and/or inserts.
  - Parish newsletters and annual reports.
  - Back of church pamphlet areas.
- Do not plan to save money by discontinuing envelopes. Many parishes and parishioners may continue to use envelopes and, in fact, should be encouraged to do so. The witness of giving can continue if parishioners mark on their envelopes that they give electronically and still place them in the offertory basket. Parishes can insert a note or card in the monthly envelopes to encourage use of electronic giving. Each of the approved vendors provides various options and alternatives in this area.

Maintenance (Best Practices to Implement)

Although electronic giving programs are simple to maintain, some oversight will be required to ensure that donations are received according to donors' wishes. Electronic donations should also be tracked and recognized in the same way as traditional donations.

To assure ongoing success in the Parish's electronic giving program, the following policies and procedures should be in place:

- The Pastor should consult with the parish finance council before approving any agreements with vendors for utilizing electronic giving / donation services.
- The designation of the parish bank account for receipt of funds from the third-party vendor or any changes in the designated bank account provided to the third-party vendor must be approved by the Pastor.
- Verify every month that the money that is expected has been deposited into the parish account on the day that it should be deposited. If there is any problem at all, IMMEDIATELY notify your vendor. The sooner a problem with funds transfer is reported the easier it is to track and retrieve the funds. Parishes must reconcile the vendor donation reports to the bank statement.
- All electronic giving gifts should be recorded in whatever system the Parish uses to track donations. All parish donation records should be maintained in one location to avoid mistakes or confusion. Parishes should use the reports and files provided by the approved vendor to electronically import the donation information into the parish donor tracking software.
- The Parish must retain responsibility for annually thanking electronic donors for their gifts. Though the approved vendors may have the capability to send end of year tax substantiation letters, please remember that the gift was made to the Parish, not to a vendor, and thus the Parish should be responsible for saying, "Thank you!" When the parish fails to recognize a gift, you undermine the all-important relationship between the donor and the parish. Additionally, donors may provide gifts to the Parish using other means besides electronic giving. The letters prepared by electronic giving vendors will only reflect electronic giving gifts, thus may be incomplete. Additionally, when the Parish sends the gift acknowledgement this creates a system of checks and balances to ensure that the Parish is receiving the full gift amounts that the donor intended as the parishioner will contact the Parish if the amounts given via electronic giving differ from the amounts in the tax letter.
- List the amount of electronically given funds along with the regular financial reporting and offertory reporting to the Parish. The more often parishioners see references to electronically given funds the more comfortable they will become with the idea of giving in this manner.

- Regularly monitor the electronic giving link and pages on your website.
    - Make sure the link is easy to find on the front page of your website.
    - Make sure the link is working properly.
    - Make sure the giving options are up-to-date and include all giving opportunities, special collections, parish funds, emergency collections and youth ministry, religious education fees, etc., if you choose to collect these items in this manner.
    - Make sure the message on the website reflects positively on the Parish, are up-to-date and promote the values, programs and charism of the Parish.
- Be sure to recognize and thank electronic giving donors in a special way in annual reports and other financial reports and appreciation efforts.
- The Pastor of the Parish should periodically review the electronic donation statements/reports received from the third-party vendor.
- Parishes should ensure that virus protection is installed, operating and current on all Parish computers and servers. The virus protection software should be enabled to monitor the computers and all email.
- Parishes should always be cautious when accessing their third-party vendor or bank online.
    - Parish staff should always enter the internet address directly and should never click on a link to its accounts that may be contained in a solicitation or email.
    - Parishes should ensure that the address contains the letters “https” or that there is a locked symbol on the browser.
- Parishes are to discourage and avoid receiving parishioner/donor/payee information via email, mail or by delivery to the parish offices. Direct parishioners to the website to establish and monitor their electronic giving account.
- Parishes should develop a data security breach policy and response plan. If a security breach occurs within the parish’s computers or storage files and parishioner/payee information is accessed, the parish should notify all participants of electronic donations/payments immediately so that they may monitor their accounts for illicit activity.
- It is strongly recommended that parishes meet with their IT consultant at least annually to ensure that their computers, servers and the entire network are properly protected from spyware, viruses or unauthorized use. Parishes without an IT consultant should consider hiring a consultant to review their system annually and report to the parish finance council.

Exhibit 3 Limitations and Challenges of Venmo to Consider

- A business profile on Venmo requires an accompanying personal account. Generally, payment processing systems that are set up for non-profit use allow the user to set up the account in the entity name and identify an Administrator. With Venmo, the name of the account is automatically connected to the personal account of the individual's name provided. So, if the Pastor has a Venmo account, and the Parish sets up a Venmo account with his name, the parish account and his personal accounts are linked.
- Venmo lacks a data reporting format that makes it efficient for multipurpose use, such as for both donations and events (such as retreats, food sales, festival tickets, etc.) since it relies on the payee to document the purpose of the payment. Although it can also be used to request payments to remind parishioners/students to pay for an event they signed up for but for which they did not pay, Venmo also allows them to bundle payments without requiring them to document the purpose by amount. This results in a burdensome process for the Parish to account for all of the miscellaneous payments that are received. Although a Parish may choose to limit donations to offertory, Venmo does not allow the Parish to prevent someone from remitting money for multiple reasons.
- There is not an option for a Payer and Approver. Anyone with the password can send money out of the bank account.
- Money has to be pushed to the bank account, it is not automatically deposited on a regular schedule.
- The parishioner's name on their Venmo account may not match the name registered at the Parish, Mission, campus center or school. Since Venmo allows communication within the app, it is possible to contact the parishioner if there is a question about the name. However, if the payer is not registered it may be difficult to acknowledge the donations. A donation acknowledgement letter is required for donations exceeding $250 threshold set by the IRS.
- Venmo statements can only be accessed one month at a time. It is not possible to view donations in a full year. Statements would have to be saved as they become available.
- Venmo has both a limit on the # and $ transactions that can take place each month. https://help.venmo.com/hc/en-us/articles/221010968-Payment-Limits