PARISH CORPORATIONS in the ARCHDIOCESE OF BALTIMORE
Fundamental Corporate Structures

• Corporation Sole
• Parish Corporations
• Incorporated Schools
Corporation Sole

• “William E. Lori, Roman Catholic Archbishop of Baltimore, and his successors, a corporation sole”
• One-person corporation under civil law
• Recognized by Maryland General Assembly in 1832
Corporation Sole

• Most Central Services Operations
• Historically, real property was held in legal name of Corporation Sole in trust for the benefit of the Parish Corporation
• Re-titling project put parish real estate in the name of the individual Parish Corporation to align canon/civil law and legal/beneficial ownership.
Parish Corporations

- Separate Maryland nonstock corporation for each parish
- Maryland Code specifies “Board of Corporators”
  - Archbishop of Baltimore
  - Vicar - General
  - Pastor
- Other individuals appointed by Archbishop
- Bylaws specify “two laypersons appointed by the Archbishop”
Parish Corporations

• If there is more than one Vicar-General, appropriate Auxiliary Bishop serves as Corporator for that Parish

• If no Pastor:
  • Vicar Forane (in lieu of Pastor)
  • Pastor Life Director (sixth corporator)
Parish Corporations

“Corporate Shield” doctrine:

• Only the assets of Parish Corporation are available to settle debts/liabilities of that Parish Corporation
• Assets of directors, officers, employees, related corporations are protected
• Similarly, “Corporate Shield” protects assets of Parish Corporation from being available to settle debts/liabilities of individuals or related corporations
• Regular corporate activity and observance of corporate formalities are factors in maintaining limited liability protection
Parish Corporations

- Officers Ex-Officio:
  - Archbishop President
  - Vicar General
    - Vice-President
  - Pastor Secretary-Treasurer

- If there is no Pastor, the PLD serves as Secretary-Treasurer
Schools

• “Parish” schools (not separately incorporated)
  • Operate under Parish Corporation’s charter
  • Overseen by Board of Corporators
  • School Board “advisory” to Pastor
Schools

- Incorporated schools (e.g. interparish, regional, secondary, consolidated)
  - Operate under school corporation’s charter
  - School Board is the governing board (not “advisory”)
  - Corporators may have responsibility for appointing School Board members and overseeing Parish Corporation’s rights and obligations under school’s governing documents (e.g., interparish model)
Responsibilities of Corporators

Standard of Care

• Act in Good Faith
• In a manner they reasonably believe to be in the best interests of the Parish Corporation
• With the care that an ordinarily prudent person would use in like circumstances
Responsibilities of Corporators

Standard of Care

- Corporators may rely on:
  - Reports by employees or officers whom they reasonably believe to be reliable and competent
  - Other persons (e.g., lawyer, accountant) on matters within their expertise
  - A committee that the corporators believe merits confidence on a matter within the committee’s delegated authority
Responsibilities of Corporators

• Corporate Activity
  • Meetings
    • At least annual meeting
    • Archbishop requests quarterly meetings
  • Minutes
    • Copy filed with chancery
  • Books and records of accounts
  • Maryland Form 1 (annual filing)
  • Pastor nominates lay corporators to fill vacancies
Responsibilities of Corporators

Conflicts of Interest

• May not use one’s position for personal gain
• Assets of tax exempt organizations may not be used to benefit private persons
• Model conflicts policy for corporators
  • Disclosure
  • Recusal from voting
Responsibilities of Corporators

Role of Corporators

• Directors (not managers)
• Not employees
• Not members (especially leader) of collaborative bodies over which Corporators have oversight responsibility
Responsibilities of Corporators

• Role of Corporators

• Federal and state immunities against personal liability
• Archdiocesan liability insurance provides coverage
• Intentional or malicious acts excluded
Responsibilities of Corporators

• Role of Corporators
  • Cooperate with pastor or PLD;
  • If there is no pastor, Vicar Bishop and Archbishop responsible for pastoral care and administration of parish;
  • Corporators assist as requested
Particular Issues

Role:
Corporators should emphasize these themes and ask questions about procedures used at their parish.
Particular Issues

Handling Assets

- Follow Archdiocesan guidelines
  - Accounting procedures
  - Bank accounts
  - Financial records
  - Handling cash receipts
- Rotate offertory collection and counting teams
- Adherence to reasonable controls
  - Deters thefts
  - Helps to detect and assess loss
  - Protects reputations
Particular Issues

Employment Practices

- Seek out qualified applicants
- Ask appropriate interview questions
- Check references
- Obtain criminal background checks
- Provide training and supervision and progressive discipline
- Terminate employees who are not performing satisfactorily or who pose a danger
- Maintain appropriate documentation
Particular Issues

• Employment Practices
  • Child Abuse
    • Use AOB Employment Application and references form
    • Criminal background (fingerprint) checks required for employees
    • Computer-based screening required for volunteers who have substantial conduct with minors
    • State Law mandates reporting of suspected child abuse or neglect
    • Abuse by Church personnel must also be reported to the Archdiocese
    • AOB Statement of Policy for the Protection of Children and Youth and the Code of Conduct for Church Personnel must be followed explicitly
    • Corporator’s “knowledge” might be imputed to the Parish Corporation
Particular Issues

Employment Practices

Volunteers

• Can be “agents” of Parish Corporation
• Misconduct by volunteers can be just as harmful as misconduct by employees
• AOB requires compliance with STAND requirements for volunteers
Particular Issues

• Employment Laws

• Minimum Wage and Overtime
  • Pay non-exempt employees 1.5 times their hourly rate for hours worked in excess of 40 in a week
  • Pay most exempt employees on a salary basis
  • Properly classify position as exempt or non-exempt
  • Pay wages on time, with deductions only as authorized by employee (in writing) or by law
Particular Issues

• Employment Laws
  • Child Labor
    • Minors under 14 may not be employed
    • Restrictions on type and hours of work
    • Minors (under 18) must have work permit
Particular Issues

Employment Laws

Discrimination

- Race
- Color
- Sex (including pregnancy)
- Age
- Religion (exception for preferring Catholics)
- National origin
- Marital status
- Genetic information
- Handicap/disability

The ministerial exception would apply.
Particular Issues

• Employment Laws
  • Withholding
    • Withholding and remitting income and social security taxes on wages is required for most employees
    • Significant penalties for non-compliance
    • Improper classification of employee as “independent contractor” can result in liability, fines and penalties for failure to withhold as well as overtime liability, benefits claims
Particular Issues

Auxiliary Organizations and Outside Groups

• Agency (or apparent agency): Right to control?
• Controlled organizations must comply with AOB policies (e.g., financial record keeping, bank accounts)
• Should require control and compliance in order to use parish/school name (e.g., for fundraising), or claim or use tax exemptions
• Standard form of “Facility Use Agreement” includes indemnification language and minimum insurance requirements
Conclusion

• Corporators are directors of the Parish Corporation
• Comply with standard of care for directors
• Assure regular corporate activity and observance of corporate formalities
• Ask questions and emphasize compliance with applicable laws and Archdiocesan policies