

## ARCHDIOCESAN POLICY ON SUMMER CAMPS

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### **Instructions :**

The following outline provides two alternative structures a parish or school should choose from when designing or running a summer camp or extracurricular activity for the benefit of students at a parish or school. The program or extracurricular activity should be designed to primarily benefit the students of a parish, school or church neighborhood and further the mission of the parish or school. Activities that do not further the mission of a parish or school should be avoided.

These procedures cover the majority of extracurricular activities offered to students by parishes and schools. If a parish or school offers a unique program that cannot fit within one of the two alternatives below, please contact the Finance Office for assistance.

Use Alternative 1 for most programs. This would include all programs coordinated or organized by current employees of a parish or school.

### **Alternative 1: Parish or School Runs Extracurricular Program Directly Using Parish or School Employees**

- **Name:** The name of the activity should clearly reference the fact that the program is a program of the school or parish. For example, “\_\_\_\_\_ High School Summer Basketball Camp.” All communications should contain this name.
- **Instructors:** You may advertise the presence of certain coaches or instructors, but such reference should not suggest that the program belongs to the coach or instructor.
- **Charges and Fees:** All charges and fees for the program must be payable to the parish or school and be deposited in the bank account of the parish or school. No charges or fees should be made by participants in the name of the coaches or instructors.
- **Waiver of Liability:** The school or parish must require that each participant's guardian (or participant, if over age 18) signs a Waiver of Liability form prior to participation. You will find this waiver online within the documents of the Financial Services Office at [www.catholiccincinnati.org](http://www.catholiccincinnati.org).
- **Payments to Instructors:** The school or parish must pay the instructor, coaches, or other personnel and file all required federal, state and local employment tax and employment registrations (e.g. worker's compensation and withholding forms). The parish or school must pay “reasonable compensation” or remuneration for the coaches’ or instructors’ services. The Internal Revenue Service has not defined “reasonable compensation.” However, in most cases compensation is reasonable as long as it is in the range of remuneration for similar services in the local market. The school or parish may use a variety of payment types (e.g. flat rate, hourly rate

or bonus). The key is that the amount of compensation is commensurate with the services provided by the coach or instructor.

- Compensation to Insiders: Excessive payments to individuals classified as “insiders” may subject both the parish or school and the insider to tax, penalty and interest. Therefore, any payments to coaches or instructors who are insiders must be carefully reviewed. Insiders must not receive financial arrangements that are better than those received by other camp or program administrators with similar responsibilities. Insiders would include principals, priests, athletic directors and business managers. Each of these parties has the ability to influence and/or control the policies of a school or parish.
- W-2, Wage Employee: If the coach or instructor is an existing employee of the parish or school (or will be during the next school year), the instructor or coach must be a W-2, wage employee subject to all federal, state and local employment and income taxes and employment registrations (e.g. worker’s compensation and withholding).
- 1099, Independent Contractor: If a coach or instructor does not have an existing relationship with the parish or school, he or she may qualify as an independent contractor. Please see Alternative 2 below and the documents of the Financial Services Office online at [www.catholiccincinnati.org](http://www.catholiccincinnati.org) for a more detailed discussion of independent contractors. Alternative 2 should only be used if the program cannot be run using Alternative 1.
- Advertising: Since the program is run directly by the parish or school and will enhance the mission of the school or parish, the parish or school can advertise for the program, endorse the program, send out and pay for mailings, and provide detailed information on its website.
- Expenses: Most program expenses should be paid directly by the parish or school. The parish or school may only reimburse expenses of coaches, instructors or volunteers after acceptable itemized receipts are supplied.
- Decree on Child Protection: The school or parish must follow the principles established under the Decree for Child Protection of the Archdiocese of Cincinnati, including but not limited to, the rules and procedures regarding fingerprinting of coaches, staff, volunteers and administrators over the age of eighteen who will interact with children.

### **Alternative 2: Parish or School Runs Program Using Independent Contractors**

- Derivative of Alternative 1: Alternative 2 is similar to Alternative 1: Therefore, unless noted below, the same principles and responsibilities outlined in Alternative 1 also apply to Alternative 2. As with Alternative 1, the camp or program still belongs to the parish or school. All payments for the program must be made to the school or parish. The most significant difference is that in the case of Alternative 2, some of the coaches, staff and administrators of the camp or program will not be employees of the parish or school, but instead will operate as independent contractors.

- When to Use Alternative 2: Alternative 2 might be used when an independent company is hired in to fill a void or skill that current parish or school employees do not have. For instance, an independent company may have a specialized science module or science camp that may benefit the students of a school where the school lacks the expertise or materials to provide the program. Individuals may also be hired as independent contractors, but the determination of when a person is an employee and when the person is an independent contractor is difficult.
- Who is an Independent Contractor: The decision to pay a third party as an independent contractor places the parish or school at risk for IRS taxes, penalties or interests if the IRS later determines that the third party is actually an employee. A parish or school must use multiple factors to determine who is an employee and who is an independent contractor. The primary test is whether the parish or school has the right to determine how a third party accomplishes a task or goal established by the parish or school. If the parish or school has this right of control, then the third party is likely an employee. Please see the documents section of the Financial Services Office on the Archdiocese web site for a test to determine independent contractor classification.
- Independent Contractor's Indemnification: The independent contractor must indemnify the school or parish in the case that the IRS later determines that the independent contractor is an employee. Such indemnification must cover all tax, penalty and interest payable to the Internal Revenue Service, the Social Security Administration, the Ohio Department of Taxation, the Ohio Department of Job And Family Services, the Ohio Bureau of Worker's Compensation or any other federal, state or local agency that attempts to collect payments under an employer/employee relationship. The independent contractor must also indemnify the parish or school for any death, damages or harm to program participants or the facilities of the parish or school, caused by the actions of the independent contractor or the failure of the independent contractor to act in a reasonable manner. The indemnification must also require the independent contractor to bear the legal fees of the school or parish if the school or parish invokes the indemnification.
- Charges and Fees: All charges and fees paid by the participants or their parents for a camp or program must still be made directly to the parish or school. The parish or school must then arrange to pay the independent contractor directly. The payment amount to the independent contractor may be based on a number of factors (length of program, number of attendees, etc.). As with Alternative 1, the contractor's fee must be reasonable based on the services provided. The school or parish should holdback enough funds to pay any expenses the school or parish bears running the program. However, the school or parish should not pay any direct expenses of the independent contractor.
- Independent Contractor's Expenses: As mentioned previously, the school or parish should not pay any of the direct expenses of the independent contractor. The independent contractor should pay its expenses out of the payment it receives from the school or parish. Further, the independent contractor should not seek the reimbursement of its expenses from the school or parish. The independent contractor should be responsible for providing its own equipment and supplies and should not use the supplies or equipment of the school or parish. If the independent contractor

needs to use supplies or equipment belonging to the school or parish, the independent contractor should purchase these supplies or expenses from the school or parish.

- Payments to Assistants: If the independent contractor needs assistants to complete its obligations, the independent contractor must pay for these assistants directly from its own funds. The independent contractor must then indemnify the parish or school regarding any payroll or tax obligations for the assistants. The independent contractor must also indemnify the parish or school for any harm, injuries or damages its assistants may cause.
- Insurance: The independent contractor must provide the parish or school with a certificate of general liability insurance. The independent contractor must also provide the parish or school with an endorsement to its insurance policy listing the parish or school and the Archdiocese of Cincinnati as additional insureds. The school or parish may not enter into any relationship with an independent contractor if the independent contractor cannot or will not provide both the certificate of insurance and the endorsement described in this paragraph.
- Worker's Compensation Certificate: The independent contractor must provide the school or parish with a valid and current worker's compensation certificate. The school or parish may not enter into any relationship with an independent contractor if the independent contractor cannot or will not provide a current and valid worker's compensation certificate.
- Independent Contractor's Agreement: The parish or school and the independent contractor must execute an independent contractor's agreement covering the items described in this summary and any additional terms to meet the facts of a specific camp or program. This agreement must be executed and signed prior to the first day of the camp or program. You will find an example of such an agreement online within the documents of the Financial Services Office at [www.catholiccincinnati.org](http://www.catholiccincinnati.org).
- Advertising: Since the program is run directly by the parish or school and will enhance the mission of the school or parish, the parish or school can advertise for the program, endorse the program, send out and pay for mailings, and provide detailed information on its website.
- Decree on Child Protection: The school or parish must follow the principles established under the Decree for Child Protection of the Archdiocese of Cincinnati, including but not limited to, the rules and procedures regarding fingerprinting of coaches, staff, volunteers and administrators over the age of eighteen who will interact with children.