

In this newsletter, the Internal Audit Department offers advice on how to reduce overall financial and administrative risk to your parish in regards to “Best Practices” regarding Fundraising Events (Post Event).

Risks at Parish-Run Fundraising Events

Fundraising events (lawn fetes, dinners, auctions, raffles, etc.) are vital to many parishes. Above and beyond the administrative burdens associated with planning, organizing, and executing these events, there are often “hidden” risks involved that, if not addressed, have serious consequences to the parish including its community, employees, and even the Pastor.

Unfortunately, due to a lack of proper internal control procedures, several parishes within the Diocese have experienced significant issues. These unfortunate incidents could have all been prevented, detected, or the chances of occurrences significantly reduced, had these parishes followed some specific procedures. Therefore, we recommend the implementation of the following procedures for your parish fundraising events, to minimize your risk of loss.

Post Event:

- The Parish business manager should reconcile receipts and records from the fundraising event to the deposits per the bank statements. Generally, this will include reconciling the number of tickets sold to each deposit at the bank, agreeing the deposit amounts from the count sheets, deposit slips, and deposit per the bank statement.
 - If there are material amounts that cannot be reconciled, we recommend the matter be discussed immediately with the Pastor. The longer material unreconciled differences remain unresolved, generally, the greater the loss to the parish. Therefore, we encourage you to contact Internal Audit for assistance as soon as possible.
- A summary of the fund-raising report should be reported in the parish bulletin. This not only is a way of thanking the volunteers for their hard work, but serves as an opportunity for the event volunteers to spot a possible financial or reporting discrepancy.
- Gift substantiation letters should be issued for all currency donations of \$250 or more received for the event. Copies of all gift letters should be maintained.

- Gift substantiation letters for non-cash donations valued at \$250 or more (e.g. supplies, Chinese Auction baskets or other donated raffle prizes) should be issued, but the letter should only describe the item and should not state a dollar value.
- Quid Pro Quo letters should be issued for ticket purchases of \$75 or more where the purchaser receives something of value in return (e.g. an auction or golf tournament where participants receive a dinner with their ticket or entry fee). To comply with IRS regulations, any benefit received by the donor must be deducted from the total purchase to arrive at the tax deductible portion.
- Form 1099-Misc. information (vendor names, payment amounts) and completed W-9's should be provided to the parish bookkeeper for year-end preparation of the 1099's.
- The names and prize amounts for all raffle prizes should be provided to the parish bookkeeper for preparation of Form W-2G (if required) and to ensure Federal income tax is withheld and remitted, where necessary.

We recommend you share this information with your trustees and Finance Council / committee and document, in a memorandum; your Parish run Fundraising Event procedures and communicate the relevant portions to your volunteers during a periodic training session.

Next topic will discuss Cash Disbursements.