

## FUNDRAISING & SCRIP PROGRAMS

It is Archdiocese policy that funds raised in the name of the school or parish must benefit all members and not individuals. For instance, when a parish/school has a fundraiser for a school trip or related activity, the parish/school cannot take the funds raised by one parent and reduce only that particular parent's fee, nor one particular child's fee for the trip or related activity. The funds that are raised for the trip must be combined to reduce the total cost of the trip or related activity for everyone. This applies to service hours as well.

Volunteers cannot be paid directly or indirectly (i.e. given a credit or refund in the reduction of the cost of a class trip or related activity) for any fundraising event. This would also apply in the case of a deposit required to be paid and refunded when a parent provides a service, such as working in a concession stand.

**Scrip/Gift Card Programs Defined:** *Scrip programs raise money through rebates from the retailer, represented as discounts from the face value of the gift card.*

- Scrip Sales must be transacted through volunteers, not by paid individuals. Scrip sales should only be handled by paid individuals (i.e. parish/school secretary) a *de minimus* amount of time, 5% or less, to avoid Unrelated Business Income Tax (UBIT) consequences.
- It is preferable to use a scrip intermediary such as Great Lakes Scrip Center in the delivery and distribution of prepaid gift cards and certificates.
- Scrip money should be deposited so it is clearly identified should there be an audit. One way to accomplish this is to use a stamp and stamp it "Scrip" on the face of the check, so it is identifiable on bank statement images. If this is not done, the burden of proof is on the church to separate scrip funds from donated funds if requested to do so by the IRS.
- Additionally, purchasers of scrip are not entitled to any charitable deduction with respect to the purchase of scrip when the rebate is owned by the parish/school.
- Scrip proceeds should not benefit any one individual or family in the form of credits to tuition accounts, book bills, or other accounts based on the amount of their scrip purchases. Proceeds should *benefit the 501(c) (3) organization (i.e. parish or school) and all its members*. This applies to all fundraisers such as candy sales, Christmas wrapping sales, and poinsettia sales. It also applies to funds raised for teen dances, class trips, and other events.
- Inventory of unsold cards should be conducted on a monthly basis. The inventory amount should equal the amount listed on the balance sheet.
- Inventory must be kept in the parish/school office and preferably in a locked safe.

### **Accounting for Fundraising Funds**

All income from a fundraiser should be accounted for in a 1300 account in PDS Ledger. Any expenses associated with the fundraiser should also be accounted for in the same 1300 account. The funds are then netted. When the funds are used for the purpose they were raised, the disbursement is put to the appropriate expense account. It should **not** be expensed to the 1300 account.