CASH RECEIPTS

Every parish throughout the Diocese has cash receipts. Cash is the asset most vulnerable to theft and misappropriation. Proper steps should be taken to reduce the risk of the loss of cash, and to make sure the cash received is properly recorded from the time of receipt until deposited into a parish account.

Cash receipts can be divided into four types:

- Normal Operating Receipts
- Other Operating Receipts
- Bingo Receipts (if applicable)
- Certificate Sales

The following guidelines apply to all types of receipts:

1. When counting cash, no person should ever be left alone with cash for any reason. Two people must be present at all times during the counting process.

2. When possible, a pre numbered receipt should be given for money received from an individual, including checks received. The donor may want to use their canceled check for a receipt, however, it is good to have a standard operating procedure that a receipt is given for any funds received from a person.

3. Cash receipts should be secured in a locked safe, with limited access from the time received until it is counted and deposited. Cash receipts should be deposited on a daily basis if possible, but in no case should receipts be held more than one week. Keeping undeposited funds in a desk drawer, unlocked cash box, or an unlocked safe would not be considered a secure location.

4. Checks should be negotiated promptly. The longer a check is held at the parish level before being deposited, the greater the chance the check may be returned to the parish due to non sufficient funds.

5. No employee or volunteer should go to the bank alone. Two persons should make the trip to the bank at all times.

6. If possible, cash should be verified by two people at the parish level before taking the money to the bank. This extra step will minimize adjustments to the deposit once the cash is verified at the bank.

7. The parish should request a validated deposit receipt from the bank. The deposit receipt should agree, without exception, to the deposit entered in the parish financial records. When preparing monthly reconciliations, the amounts from the validated deposit receipts and those amounts entered in the accounting records should agree to the bank statement. Any discrepancies should be investigated at once by someone independent of the cash collection and deposit process. If the same person who prepares the deposit investigates any discrepancies, it would be very easy to divert funds to another account without detection. To the extent the parish is able, the more persons involved in different phases of the cash process, the better chance an error in the accounting process is detected before it is posted.

CASH RECEIPT GUIDELINES ***(continued)***

8. No funds (cash, checks, or certificates) should ever leave the parish property unless they are being transported to the bank. In no case should any employee or volunteer take parish funds to their personal residence for any reason. All funds not being transported to the bank, MUST remain on parish property. If an individual takes money off the parish property to their personal residence, the homeowners insurance of the individual may be responsible if a loss occurs.

9. Groups and organizations of the parish and school are required to follow these guidelines for sales at specific events sponsored by those organizations.

NORMAL OPERATING RECEIPTS

Normal receipts can be defined as receipts received during the normal course of operations. Examples of normal receipts would be offertory receipts, tuition receipts, fund-raising receipts and similar type items.

Cash receipts should be deposited intact. **Expenses should never be paid out of funds before depositing them.** Expenses should be paid by check following normal expenditure procedures. Offertory collections should be recorded in the appropriate income account. Regular Sunday offerings should be recorded in account 1001.01. Normal operating receipts are used to pay the expenses associated with the operation of the parish. Generally, normal receipts do not have restrictions attached to them.

Tuition receipts should be recorded in the appropriate tuition account. The account for current year tuition is 4001.01. All tuition should be receipted and deposited on the same day. If tuition is received in the school office, it should be kept in a secure location until deposited. Again, keeping the money in the desk drawer of the secretary would not be considered secure. At a minimum, tuition should be kept in a locked cash box until deposited or transferred to the parish. In no case should a student ever be allowed to transport any cash or checks to the parish office or handle any school cash. Care should be taken to make sure the individual tuition record is reduced by the correct amount of a payment received. Parishes are **NOT PERMITTED** to reduce the tuition account of any family in exchange for offertory contributions or any other services rendered.

Fund-raising receipts require extra care. Usually, there is a large amount of cash received during a relatively short period of time. Parishes or schools are **NOT PERMITTED** to reduce the tuition of any family in exchange for the family participating in fund raising activities. Such a procedure normally generates taxable income to the recipient which in turn requires federal reporting.

Cash receipts received by mail should be verified by two persons prior to deposit to the bank. If the pastor opens all the incoming mail, the verification by the bookkeeper or secretary would serve as the verification by the second person.

It is suggested that Sunday and special collections be published in the parish bulletin. A weekly graph may be a useful tool for the finance committee to analyze giving patterns of the parish. A graph of envelopes received and total offertory collections would be extremely useful to the pastor and the finance committee in preparing a yearly budget.

OTHER OPERATING RECEIPTS

Other operating receipts received may have restrictions attached. If someone donates money and a donor indicates the funds can only be used for a restricted purpose, the parish should record the money in a restricted fund. It is imperative these funds are segregated from normal operating receipts and used for the purpose intended. If a parish accepts restricted funds and uses the funds for some other purpose, the parish may be required to return the funds to the donor. It is recommended restricted funds be placed into a separate bank account. This is the easiest way to keep track of the interest earned for a specific project. Once earned, the interest may remain in the account if it is not needed at that time, however, if the interest earned is to offset some specific cost, the earnings may be transferred into the general fund. If a mutual fund or other type of investment vehicle is used which produces gains and losses on a monthly basis, the gains and losses attach to the principal amount and carry the same restriction as the earnings from the fund. For example, a donor gives the parish $10,000 with the restriction that the earnings from the fund should be used to maintain and support the music program of the parish. Suppose the account the funds are invested in earned yearly interest of $1,000 and had a gain of $2,000. The account would have a balance of $13,000 at the end of the year. The parish decided to purchase new music binders for the choir members at a cost of $1,200. The pastor could elect to withdraw the $1,000 of interest earned to partially offset the cost of the binders. The gain would stay in the account, therefore the balance in the account after the transfer is $12,000. If the parish decided not to purchase the binders, the funds should not be withdrawn to offset any other expense of the parish. Usually, the income from restricted funds is not available to offset payroll costs.

Other operating receipts may include unrestricted donations, income from parish programs, donations from parish groups and organizations, investment income, rental receipts, candle income and designated collections.

BINGO RECEIPTS

There are separate procedures for Bingo cash receipts in section D of this handbook. In general, it is recommended cash receipts from Bingo admission be controlled by a cash register. Receipts from instant Bingo sales should be closely monitored and reconciled by each box of tickets sold. One indication of a problem with Bingo cash receipts would be if the Bingo operation does not have surplus revenues at the end of several sessions. All Bingo records should remain on the parish property. State law requires a separate bingo checking or savings account be maintained.

CERTIFICATE SALES

An area that has become a major source of funds for many parishes in recent years has been the sale of certificates. The process involves the parish purchasing certificates from a vendor at a reduced cost, and selling the certificates to the parish and school population at face value. The difference between the amount of certificates sold and the amount paid for those sold certificates represents income to the parish or school.

Some general guidelines that should be followed by all organizations involved in the sale of certificates should include:

1. At no time should the unsold certificates or money be removed from parish property. The box of certificates represents a box of CASH EQUIVALENTS, meaning it would be equivalent to putting cash in a box and allowing the box to be taken by someone.

CERTIFICATE SALES *(continued)*

2. Sales of certificates should be handled by volunteers. If the certificates are not sold by volunteers, the income earned by the parish or school may be subject to Unrelated Business Income Tax.

3. The certificate program should be reconciled. At a minimum, the certificates should be reconciled on a weekly basis. Certificates should not be reordered unless a reconciliation has been performed. A sample reconciliation form is included at the end of this section. *(form E-6)*

4. Student tuition accounts should not be reduced in exchange for certificates sold. If a school reduces the tuition account for the sale of certificates, the reduction may be considered taxable income to the recipient family.

5. Checks may be accepted by the parish for the purchase of the certificates. If an individual is purchasing a large amount of certificates and is not known by the person selling the certificates or a member of the parish, it may be a good idea to make the sale a cash transaction. The parish should use discretion in accepting checks for the purchase of certificates. The purchasers of the certificates paying by check should make their check payable to the parish certificate program. For example, if Saint Mary Parish is selling certificates, the check should be made payable to Saint Mary Certificate Program.

6. The unsold certificates should not be left unattended. At a minimum, the certificates should be stored in the sacristy or other secure location when sales are not being made. Proper inventory procedures should be followed when handling the certificates. When an order is received, the certificates received should be counted, and compared to the packing slip or invoice. Discrepancies should be reported immediately. The paid invoice should be retained and used to do the reconciliation. After the reconciliation, the certificates remaining available for sale should be compared to the number of certificates remaining according to the reconciliation form. These numbers should agree. If possible, following proper internal control procedures would mean the person performing the reconciliation should be different from the person counting the beginning or remaining certificates. Remember, the unsold certificate inventory represents CASH. It would be a good idea to have two persons counting and verifying the certificates. Just as no one should be left alone counting the offertory collection, no one should be left alone counting the certificates.

SAMPLE CERTIFICATE RECONCILIATION FORM

CERTIFICATE
RECONCILIATION FORM

PARISH NAME: St. Any Parish RECONCILED BY: Isabelle Belle

RECONCILIATION DATE: September 20, 20xx REVIEWED BY: Louise Louis

CERTIFICATE	FACE VALUE	BEGINNING QUANTITY	ENDING QUANTITY	QUANTITY SOLD	PROCEEDS	PROFIT PER CERTIFICATE	TOTAL PROFIT
Tops	$10.00	500	300	200	2,000.00	0.40	80.00
Tops	$20.00	200	150	50	1,000.00	0.50	25.00
K-Mart Card	$25.00	5	2	3	75.00	0.37	1.11
Wendy's	$5.00	250	100	150	750.00	0.60	90.00
Giant Eagle	$10.00	500	450	50	500.00	0.40	20.00
Applebee's	$10.00	90	40	50	1,000.00	1.00	50.00
TOTALS					5,325.00		266.11

In the above example, a validated deposit slip should be attached to this form verifying the amount of cash deposited for the sale of certificates.

The number of certificates in the ending quantity column should be the number of certificates in the box. This number should be verified and should be the result of a physical count.

CERTIFICATE

RECONCILIATION FORM

PARISH NAME: ______________________ RECONCILED BY: ______________________

RECONCILIATION DATE: ______________________ REVIEWED BY: ______________________

CERTIFICATE	FACE VALUE	BEGINNING QUANTITY	ENDING QUANTITY	QUANTITY SOLD	PROCEEDS	PROFIT PER CERTIFICATE	TOTAL PROFIT
TOTALS							

OFFERTORY COLLECTION - BASIC GUIDELINES

- All receipts *(cash, personal checks, coins, negotiable instruments)* must be deposited in the bank. Counters, team members, parish employees, and parishioners are not permitted to cash personal checks.
- Money counters should consist of at least three teams with three persons or more to a team. Persons on the team must not be related and the team members should be members of the parish. Members of the counting team should be appointed by the pastor after approval by the Parish Finance Council.
- Each team should have a team captain with the responsibility for accuracy of reporting and making sure team members follow the guidelines.
- A separate room should be used for counting the offertory collection. Only authorized individuals are permitted access to the counting room while the collections are being counted. If possible, the door to the room should be secured to prevent unauthorized persons from entering.
- The counting room should have two large tables, one for counting and one for sorting.
- Teams should rotate each week, in addition, the duties of team members should rotate.
- NO PERSON SHOULD BE LEFT ALONE WITH THE CASH AT ANYTIME FOR ANY REASON.
- Money should be kept in a locked safe or secure location when not attended by two individuals. Money should be removed from the safe by two individuals who will bring the collection to the counting room for processing.

OFFERTORY COLLECTION - COUNTING PROCEDURES

- The team captain will designate one person as the counter (two or more persons would be designated as counters if the counting team has more than three members) and one person as the transferor.
- Offertory collections should be delivered to the money counting room immediately after each Mass by any combination of two ushers or money counters. If the collections are counted on Monday, the offertory collection should be delivered to the safe or secured location by two persons. Two persons should also be present when the collection is removed from the safe or secured location to be transported to the counting room.
- Upon receipt of the collection, the loose coins and currency should be separated from the envelopes by the captain and the transferor. The loose coins and currency should be counted by both the team captain and the transferor.
- The loose coins and currency should then be given to the counter(s) to be re-counted and recorded on the weekly collection worksheet. *(see Form #E7)*

OFFERTORY COLLECTION - COUNTING PROCEDURES *(continued)*

- While the loose coins and currency are being counted, the team captain and transferor will sort the envelopes between regular weekly collections and special collections.

- After the envelopes are sorted, the team captain and transferor will systematically open the envelopes, verify the contents of the envelope and make sure the envelope is clearly marked with the amount of the contents. The contents from the envelopes should be sorted into denominations ($1, $5, $10, $20, $50, $100, other, and checks) and recorded to the weekly collection worksheet. *(see Form #E7)* Special collections should be opened and counted separately from the regular collection.

- The envelopes should be retained for posting to individual parishioner records. The envelopes should be retained for at least one year. If space permits, the envelopes should be retained for five years.

- The transferor should periodically transfer money from the sorting table to the counting table. The transfer should take place using a clear plastic container.

- The counter will count, bundle, and prepare the bank deposit. A weekly collection summary/deposit form should be prepared. *(see Form #E8)* It would be a good idea to contact the bank if there are specific instructions for the preparation of the deposit. (Example: checks in order, tape attached to checks, currency bundling requirements, loose coins, etc.)

- The deposit should be sealed in a bank deposit bag, and delivered to the bank by at least two members of the team. If the bag is equipped with a lock, the keys must remain at the rectory at all times. No one should ever go to the bank alone. Transporting the bank deposit should be rotated among team members. For security purposes, the time of the day the deposit is transported should be varied so a pattern could not be detected. If the counting team is not responsible for delivering the deposit to the bank, it should be placed in the safe or secure location in the sealed bag until the deposit is transported. The deposit should not be opened until it reaches the bank.

OFFERTORY COLLECTION - RECORDING and ANALYSIS GUIDELINES

- During the week, parishioner contribution records should be updated using the envelopes and lists compiled from the counting process. The amount posted to the parishioner cards should be compared to the amount of the envelopes to verify the accuracy of the posting process.

- Statements should be mailed to all parishioners on an annual basis and variances reported by parishioners should be investigated immediately by someone independent of the counting and recording process.

- The validated deposit receipt should be attached to the weekly collection summary/deposit form. *(see Form #E8)* The weekly collection summary/deposit form should be compared to the bank statements, investigating any discrepancies.

OFFERTORY COLLECTION - RECORDING and ANALYSIS GUIDELINES *(continued)*

- Weekly collection summary reports and parishioner contribution records should be retained for five years.
- A graph or spreadsheet should be prepared on a weekly basis covering the current week's offertory collection, the collection from the similar period in the prior year, and the collection from the prior week. Analysis of this information is a useful indicator of a potential problem in the counting process.
- The members of the Finance Council should schedule unannounced audits of the collection counting process to ensure these guidelines are instituted and followed on a regular basis.
- A meeting of team leaders, team members, and the Finance Council should take place at least on an annual basis to review the procedures and allow members to clarify any open items.

COLLECTION WORKSHEET

MASS DATE: ____________________ **MASS TIME:** ____________________

COLLECTION TYPE: ☐ OFFERTORY ☐ HOLY DAY ☐ SPECIAL ____________ ☐ OTHER ____________

CURRENCY

wrapped			loose		
	# OF BUNDLES	AMOUNT		# OF BILLS	AMOUNT
1.00 @ 50.00		$	1.00		$
5.00 @ 250.00		$	5.00		$
10.00 @ 500.00		$	10.00		$
20.00 @ 1,000.00		$	20.00		$
			other		$
	sub-total ➡	$		sub-total ➡	$

TOTAL CURRENCY $ ____________

COIN

wrapped			loose		
	# OF ROLLS	AMOUNT		# OF COINS	AMOUNT
.01 @ .50		$	.01		$
.05 @ 2.00		$	.05		$
.10 @ 5.00		$	.10		$
.25 @ 10.00		$	.25		$
			other		$
	sub-total ➡	$		sub-total ➡	$

TOTAL COIN $ ____________

CHECKS

		AMOUNT
CHECKS SHOULD BE PROPERLY ENDORSED	sub-total ➡	$

TOTAL CHECKS $ ____________

WORKSHEET TOTAL $ ____________

PREPARED by: ____________________ **VERIFIED by:** ____________________

COLLECTION SUMMARY / DEPOSIT FORM

For the period of: ____________________

TOTAL COLLECTION WORKSHEET(S) AMOUNT: $ ________
(total of all worksheets)

CURRENCY

wrapped	# OF BUNDLES	AMOUNT	loose	# OF BILLS	AMOUNT
1.00 @ 50.00		$	1.00		$
5.00 @ 250.00		$	5.00		$
10.00 @ 500.00		$	10.00		$
20.00 @ 1,000.00		$	20.00		$
			other		$
sub-total ➡		$	sub-total ➡		$

TOTAL CURRENCY $ ____________________

COIN

wrapped	# OF ROLLS	AMOUNT	loose	# OF COINS	AMOUNT
.01 @ .50		$	.01		$
.05 @ 2.00		$	.05		$
.10 @ 5.00		$	.10		$
.25 @ 10.00		$	.25		$
			other		$
sub-total ➡		$	sub-total ➡		$

TOTAL COIN $ ____________________

CHECKS

		AMOUNT
CHECKS SHOULD BE PROPERLY ENDORSED	sub-total ➡	$

TOTAL CHECKS $ ____________________

TOTAL COLLECTION SUMMARY / DEPOSIT: $ ________

** COLLECTION SUMMARY/DEPOSIT SHOULD EQUAL COLLECTION WORKSHEET(S) AMOUNT
** ATTACH VALIDATED BANK DEPOSIT SLIP TO THIS FORM

PREPARED by: ____________________ **VERIFIED by:** ____________________