

VII. CASH RECEIPTS

This chapter describes policy and procedures for receiving and accounting for cash and cash equivalents. It describes a cash receipt system designed to meet the minimum requirements of good internal control.

1. Parish Checking Accounts

1.1.1 Policy

Operating Account

- A Parish, including all organizations that use a Parish's tax ID number, must maintain only **one** operating checking account.
 - A Parish is restricted to the use of one operating checking account to accomplish the business of the Parish. All functioning organizations within a Parish that use the Parish tax ID number must use the Parish checking account.
 - Separate accounting for any activity (e.g. stipends) can be maintained by creating a sub-account of the main operating checking account in QuickBooks.
 - The only exceptions, under Connecticut State law, require that an entity must maintain a separate checking account for Bingo activities, Sealed Tickets (*see Chapter VIII*) and Girl/Boy Scouts.

Investment Account(s)

- Capital Campaign contributions or other restricted gifts can be maintained in a separate savings/investment account as long as the specific purposes for which those funds are to be used will not be fulfilled for at least six months and the accounts are closed when the funds are expended. These saving/investment accounts **cannot** have check-writing capability.

Process

- Requests for new bank accounts and signatory changes must be submitted to the Director of Parish Finance Services. Banks require a formal Parish Corporation resolution authorizing opening a bank



account or changing a signatory on a bank account. Each bank provides a form containing such a resolution, but providing the necessary authorization in that manner requires holding a Parish Corporation meeting with required advance notification to all corporation members to be official.

- As an alternative, Parish corporation annual meetings in January each year will include adopting financial resolutions providing the necessary authority for opening a bank or investment account including signatories. The specific resolutions language to be used will be provided by the Diocesan Chancellor.
- If a change in signatories is subsequently required, a “Unanimous Written Consent in Lieu of Meeting” by the members of the Parish Corporation will be utilized to provide the necessary authority. Again, the specific language for such a consent will be provided by the Diocesan Chancellor.
- Rather than providing the full corporate resolutions or Unanimous Written Consent in Lieu of Meeting to the bank, a Parish Corporation “Secretary’s (Pastor’s) Certificate” will be provided to the bank certifying that the necessary authority has been granted by the Parish corporation. Again, the specific language for the Secretary’s Certificate will be provided by the Diocesan Chancellor.
- When the documentation for opening the bank or investment account or changing signatories is complete, the Director of Parish Finance Services will present it to the Bishop for signature.
- All bank accounts must be recorded in the Parish accounting system (QuickBooks) and all financial activity recorded on a regular basis.

1.1 Signatories on Bank Accounts

The Bishop, as President of each Parish Corporation, must be a signatory on all Parish checking and investment account(s), along with the Pastor and an alternate signatory for emergency situations. The alternate signatory **must** be a member of the clergy or a member of a religious community serving in the Parish. A member of the clergy (e.g. a Deacon) or a religious community serving as the Parish Business Manager/Accountant/Bookkeeper **not** be the alternate signatory on a bank account.



The use of a check-signing machine or a signature stamp is prohibited.

1.2 Monthly Reconciliation

All checking account reconciliations must be performed monthly. The bank statement should be opened by the Pastor and he should review the bank activity and the checks written before handing the bank statement over to be reconciled, indicating review by initialing the statement. The Pastor should also review the bank reconciliation on a monthly basis and indicate his review by initialing the reconciliation. The reconciliation must be filed with the bank statement and retained.

1.3 Recording and Reporting

All bank accounts must be recorded and maintained in the Parish accounting system, QuickBooks. Banking transactions should be recorded on a weekly basis.

1.4 Annual Reporting

The Pastor will furnish a list of all existing checking and saving/investment accounts annually to the Director of Parish Finance Services and certify that the list is accurate and complete.



2. Offertory Collections and Other Receipts

2.1 Overall Control Environment for Parishes

From the time collections leave the baskets during Mass until they are deposited in the bank, the collections should either be:

- in possession of two unrelated individuals
or
- in sealed, tamper-evident bags stored in the Church safe or a locked, fireproof cabinet
or
- after counting, in a locked or sealed bank deposit bag in the Church safe or a locked, fireproof cabinet.

Procedures for Collections

- Prior to the weekend or Holy Day Mass(es), the Parish Business Manager/Accountant/Bookkeeper or other authorized individual places the necessary number of tamper-evident bags in a designated place for the ushers to access. The bags should be pre-labeled with the date and time of Mass, and the name of the second collection (if applicable).
- After collection, the funds are then either placed in full public view in the Sanctuary until the end of the Mass or secured by the ushers for transport for counting.
- At no time must the collection be left unattended, except when it is in full public view in the Sanctuary, or if it has been placed immediately by the ushers before the end of the Mass in a safe or a locked, fireproof cabinet.

Procedures if a collection is not counted immediately after each Liturgy:

- If the collection is not transported immediately after Mass by the ushers to the counting team, it must be placed in the tamper-evident bag by two unrelated individuals. The bag is sealed, initialed, and transported to the Church safe or locked fireproof cabinet where it will stay until it is counted. Access to the Church



safe or locked fireproof cabinet should be limited to authorized personnel only.

- Weekend offertory should be counted and deposited into the operating checking account no later than the next day (Monday; Tuesday if Monday is a holiday).

Procedures if the collection will be counted immediately after each Mass:

- Two unrelated individuals will transport the collection proceeds to the counting area immediately and give the monies to the count team.

2.2 Counting and Depositing

During the counting and depositing of monies, no unauthorized personnel should be allowed access to the counting room. In addition, **under no circumstances** are the counters to “cash a check” from the cash on hand for any individual, with no exceptions.

Count Teams

- There must be at least two unrelated people on each count team. The count team individuals should be rotated periodically. A list of the count team members (names and addresses) is maintained by the Parish Secretary and forwarded annually to Parish Financial Services. The Pastor or Business Manager is responsible for screening and maintaining the count team.
- As part of current Diocesan policy for volunteers, count team members are subject to the Safe Environments Policy of the Diocese.

Collections

- Collections should be counted as soon as possible by a count team. All collections should be counted on Parish premises.
- The Pastor or his designee removes the tamper-evident bags from the safe or other locked, fireproof cabinet and delivers them to the count team. The count team verifies that all bags are accounted for by comparing the number of bags with the number of collections that were taken. The count team also notes the condition of the bag to assess any evidence of tampering with the bag seal. Any



evidence of tampering must be reported to the Pastor or his designee immediately.

- Counters must use the Parish Offertory Count Sheet(s) (*Form CR-1, in the Appendix at the end of this chapter*), which itemizes the denominations of cash, coin and the checks received in that collection. The count team must sign this form indicating verification of the process. The information contained on each Parish Offertory Count Sheet is then summarized and totaled on the Deposit Slip Summary (*Form CR-2, in the Appendix at the end of this chapter*), that shows the amount counted from each bag. **This should be prepared in ink and signed by at least two counters.**
- The Deposit Slip Summary has space to list any miscellaneous receipts and is used to prepare the bank deposit slip. The deposit slips are then filed in the Parish Office.

Counting Procedure

The count team opens the tamper-evident bag and separates the envelopes, loose checks, and loose cash. The counting procedure follows:

- **Envelopes.** One count team member opens the envelopes and ensures that the contribution agrees with the amount indicated on the envelope. If this is not the case, then the counter crosses out the incorrect amounts and writes in the correct amount on the envelope. Envelopes should be saved for entry into the parishioners' contribution records.

Checks should immediately be restrictively endorsed with a stamp of:

“For Deposit Only”

Name of Church

Name of Bank

Operating checking account number

- **Loose Collection.** Currency should be sorted by denomination and counted by the first count team member. Checks should immediately be restrictively endorsed with a stamp of:

“For Deposit Only”

Name of Church

Name of Bank

Operating checking account number



Checks not in envelopes should be photocopied and the copies kept with the opened envelopes.

The second count team member re-counts and verifies the total of checks and currency. The totals are compared to the Count Sheet Summary.

The count team opens the next bag and repeats the procedure until all the bags have been counted.

All currency and checks are wrapped. The bank deposit slip is then prepared by the count team from the information on the Deposit Slip Summary (*Form CR-2*). All empty bags, counting forms, and envelopes are then forwarded to the Parish Business Manager/Accountant/Bookkeeper for recording, reconciliation, and filing.

Depositing Procedure

- If the contents exceed the capacity of a single bank deposit bag, a second bag with a second deposit slip should be used.
- The currency, checks, and the deposit slip should be locked or sealed in a bank deposit bag. Collections must be deposited to the bank within 24 hours and the receipted bank deposit slip returned to the Parish Business Manager/Accountant/Bookkeeper. It is preferable that someone other than the Parish Business Manager/Accountant/Bookkeeper deposit the money in the bank.
- **All offertory is to be deposited intact, including all coins.**

Reconciliation and Approval of all Bank Deposits

- The Parish Business Manager/Accountant/Bookkeeper is responsible for comparing the receipted bank deposit slip to the completed Deposit Slip Summary (*Form CR-2*) and reconciling any differences when the deposit slip is received (*see 2.3 below*). The forms and the receipted bank deposit slip should be presented to the Pastor for his initials, indicating his review and acceptance.
- Any discrepancy must be investigated by the Parish Business Manager/Accountant/Bookkeeper and brought to the attention of the Pastor.



2.3 Recording and Reporting

Each week, the Parish will publish in the weekly bulletin the prior week's total collections as well as the amount collected in the corresponding week the year before. All cash receipt activity should be recorded in QuickBooks in a timely manner.

The Parish Business Manager/Accountant/Bookkeeper will use the Deposit Slip Summary (*Form CR-2*) to enter each revenue item to the correct account and filed as backup documentation for the bank deposit entry.

All Offertory receipts must be reported in the proper Offertory Revenue accounts. **All collections received at Mass and other liturgies, except diocesan Special Collections and Exempted Offertory, are offertory revenue subject to Cathedraticum** (Exempted offertory is that which has been specifically exempted in writing by the Bishop, such as for Parish capital campaigns, or specific seasonal collections conducted for Parish operating expenses such as heating and air conditioning).

All monies received in the mail or in person that bear no indication of the purpose will be considered offertory.



Recording Revenue

All deposits of unrestricted funds must be recorded into the Parish QuickBooks accounting system under the following headings:

4000	OFFERTORY REVENUE (collections subject to Cathedraticum)	
4010	Sunday	
4020	Holy Day	
4030	Monthly	
4040	Annual	
4050	Other	
4100	OTHER REGULAR REVENUE	
4110	Exempted	
4120	Fundraisers	
	4121	Bingo
	4122	Carnivals/Bazaars
	4123	Raffles
	4124	Scrip Voucher
	4125	Other Fund Raisers and Organization
	4126	Bulletin Revenue
4130	Investments	
	4131	Unrealized Gain or loss on investment
	4132	Interest and Dividends
4140	Child Care Services	
4150	Religious Education Fees	
4160	Rental and Lease Revenue	
4170	Votive Candles	
4180	Cemetery	
	4181	Sale of lots and foundations
	4182	Interments
	4183	Net Appreciation/Depreciation in Market Value of Securities
	4184	Interest
	4185	Perpetual care
	4186	Other
4200	UNUSUAL (NON-SCHEDULED) REVENUE [not subject to Cathedraticum]	
4210	Gifts and Bequests-- Not Restricted	
4220	Gain/(Loss) On Sale of Long Lived Assets- Buildings, Equipment, etc. (excluding investments)	

See Chapter VI for a detailed description of each of these accounts.



Functional Activities/Classes

All income items must be assigned to a functional activity/class when the deposit is reported in QuickBooks.

Requests for new Statement of Activities accounts or sub-accounts in the Chart of Accounts must be made through Parish Finance Services which will be responsible for adding any new accounts.

2.4 Diocesan Special Collections

Below is a list of the normal Diocesan Special Collections taken each year. These special collections should be deposited in the Parish checking account and remitted in the form of a parish check to Parish Finance Services no later than 10 days after the collection is conducted.

These collections should be recorded as Special Collections Liability and **not** as Revenue. When the remittance is made, the liability should be reduced accordingly.



Diocese of Bridgeport Special Collections Schedule

<u>Account #</u>	<u>Collection</u>	<u>Approximate date</u>
2051	Co-op Mission Sunday (SPOF) *	July
2052	Catholic University of America	September
2053	World Mission Sunday (SPOF) *	October
2054	Catholic Campaign for Human Development	November
2055	Retirement Fund For Religious	December
2056	Church in Latin America (SPOF) *	January
2057	Loaves and Fishes (Catholic Charities)	Season of Lent
2058	Catholic Relief Services and Aid to the Church in Eastern Europe	March
2059	Holy Land	April
2060	Catholic Home Missions and Black and Indian Missions	April
2061	Catholic Communications	May
2062	Peter's Pence	June
2063	Other Extraordinary Collections (e.g. disaster collections - Hurricane Katrina)	

** Checks for these three collections should be made payable to the Society for the Propagation of the Faith (SPOF) and mailed to the SPOF office at the Catholic Center*

2.5 Annual Bishop's Appeal

Handling and processing of donations received in the Parish for the Annual Bishop's Appeal (conducted from March-June) should proceed according to the guidelines and procedures received from the Development Office (see *Chapter XII*).



2.6 Monies Received in the Mail or in Person at the Parish Office

For any monies received in the mail or in-person, mail should be opened and checks should **immediately** be restrictively endorsed by someone who does not have access to the accounting or donation tracking system with the stamp of:

“For Deposit Only”

Name of Church

Name of Bank

Operating checking account number

Cash and checks must be stored in the Church safe or locked, fireproof cabinet and deposited at least twice a week. Accounting for these monies may be processed separately from the weekly offertory – separate forms, separate bank deposit, separate QuickBooks posting. These amounts must be summarized on the Deposit Slip Summary (*Form CR-2*). The type or purpose of each contribution must be listed separately with a short description. A bank deposit slip is then prepared whose total agrees to the total of the Deposit Slip Summary. These miscellaneous donations should be deposited to the bank at least twice a week and the receipted bank deposit slip returned to the Parish Business Manager/Accountant/Bookkeeper. The Deposit Slip Summary is then forwarded to the Parish Business Manager/Accountant/Bookkeeper for reconciliation and filing.

Mass Stipends

Mass stipends received should be deposited and listed on the Miscellaneous Receipts Detail on page 2 of the Deposit Slip Summary (*Form CR-2*) and posted to Account # 4190 – Mass Stipend Revenue.

2.7 Contributions: Gifts and Bequests, Unrestricted/Restricted

Income must be classified as follows:

- **Unrestricted contributions:** Contributions such as a Parish’s weekly offertory collections that are not subject to donor-imposed restrictions (account 4000 series).
- **Temporarily-restricted contributions:** Contributions such as capital campaign monies or special gifts and bequests that are subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled or otherwise met by actions of the Parish (account 7010 et. al.).



- **Permanently-restricted contributions:** Contributions subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise met by actions of the Parish (account 8010 et. al.).

Contributions that are donor-restricted should be listed on the Miscellaneous Receipts Detail on the Count Sheet Summary and posted to account # 7010 or 8010: Restricted Donations.

2.8 Donor Acknowledgement

\$250 Threshold

In the past, written donor acknowledgements were required *only* when a single contribution of \$250 or greater in cash, check, electronic funds transfer, credit card or other form was made. As of January 1, 2007, the I.R.S. expanded record keeping requirements for the charitable deductions of donors.

To assist our donors in complying with these new requirements, written donor acknowledgement letters will be required to be sent when the **aggregate** donations of a donor exceed, in a calendar year, \$250.

\$75 Threshold

If payments are received for fund-raising events and exceed \$75 in cash, check, electronic funds transfer, credit card or other monetary unit that is partially a contribution and partially for goods or services provided to the donor, a written acknowledgement must be sent listing the good faith estimate of the value of goods or services provided. **I.R.S. penalties for non-compliance with this rule can reach \$5,000 per fundraising event.**

Donor Acknowledgement Letter

The acknowledgement letter should contain at least:

- Name of organization (use of letterhead will suffice).
- A statement of the amount of the donation, if cash.
- A description of the property donated (no estimate of value required).
- A statement of whether the goods or services were provided in return for the payment, *and*



- If goods or services were provided, a good faith estimate of value of the goods or services provided.
- If goods or services provided consisted entirely of intangible religious benefit to the donor, a statement that that was the case.

Examples of written acknowledgements:

Thank you for your cash contribution of \$___ that (organization's name) received on date. No goods or services were provided in exchange for your contribution.

Thank you for your cash contribution of \$___ that (organization's name) received on date. In exchange for your contribution, we gave you a cookbook with an estimated fair market value of \$___.

Thank you for your contribution of a used oak executive desk that (organization's name) received on date. No goods or services were provided in exchange for your contribution.

