

THE ROMAN CATHOLIC
ARCHDIOCESE OF ATLANTA



FESTIVAL GUIDELINES – FINANCIAL and OTHER REFERENCE MATERIALS

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This document has been put together to assist those parishes who put annual festivals on each year, in an effort to touch upon the areas that may be overlooked, but are critical in making sure your festival is a success for you, the parish, and your parishioners.

We assume that your parish has developed a team to help orchestrate the festival. Team members would each have some area of responsibility, and the more they are able to document the tasks that they each performed, the festival process will become easier each year, and more successful.

GUIDANCE – Catholic Mutual has created a very good video about Festivals, and key areas of risk, and concern. The video is on the Archdiocese’s web site at the following address: <http://www.archatl.com/offices/finance/insurance.html> , under the section “Training Videos” click on “Parish Festival Guidelines”.

In addition, Catholic Mutual has also created a Festival Guideline document, which may be helpful for team members to review during the festival planning stage found at the following address: <http://www.archatl.com/offices/finance/insurance.html> under the section “Insurance” click on “Parish Festival Guidelines 2012”. This document was recently translated into Spanish, and a copy of this will be sent separately from this document, and will be available soon on the AOA website.

The rest of this draft document relates to GENERAL FINANCE issues, by topic. In general, the accounting best practices document should be referred to for specific controls, such as cash, advances, etc. In some cases, the parish may need to develop certain unique policies and procedures that are specific to the running of the festival, and that way, the procedures can be fine-tuned over several years, as well as being good guidance for other individuals who may join the festival team in future years. Documenting processes helps make sure that as lessons are learned, they help guide others in the future to avoid mistakes, or to better plan for particular concerns.

BUDGET - All good plans for anything start with having a good budget. The budget should be a summary of anticipated revenues and expenses, and ultimately actual revenues and expenses. The budget should be prepared well in advance of the actual festival. The festival budget should be included in the parish’s overall financial budget for the year.

More successful festivals involve team members in documenting policies and procedures for how to develop a detail budget, which ministry leaders to involve, and then ultimately result in a basis for presentation to the parish finance council and pastor, by a leader of the festival team.

With the parish finance council’s approval, the festival’s budget should be input into the parish’s accounting system, so that all of the revenues brought in by the festival, and each and every expense is tracked and becomes a basis for planning a better festival in the next year. Involve your parish business manager in the process, as well as the leaders of the parish festival, any key parish finance council members, and of course the pastor.

EXPENSES – your parish festival policies and procedures should include the level of documentation needed to support expenses made for the festival. No expenses should be incurred, or paid unless they have been budgeted for. No expenses should be paid unless fully documented, with receipts, and approved by an appropriate individual, such as the festival treasurer. You should consider developing a Festival Expense Form, with an area for appropriate approvals before payment.

Payment of only authorized and valid expenses is critical. The Accounts Payable process should follow the formal policies and procedures in place for any other parish ministry. Any expenses related to the Festival should be charged against the approved budget for the Festival, and not charged against any other parish departmental or ministry budgets. To reiterate, any receipts or expenses relating to the Festival should all be contained within that specific Festival budget. All accounting should flow through the accounting team. Gross income should be reported along with gross expenditures.

In an ideal situation, parishioners who are participating in the festival would receive approval to spend a certain dollar amount for a specified expense, and would use their own money in the process; they would be replenished by completing and submitting an expense form to the management team, for approval and then payment. The parish should always pay for services directly and not reimburse parishioners for services including (caterer, DJ, band, etc.), as could circumvent the 1099 process required by the IRS. Parishioners can be reimbursed for goods purchased on behalf of the parish.

CREDIT CARDS - We would strongly caution against the use of parish or pastor credit cards, or debit cards for expenses, as the paperwork by a business office makes the use of credit card transactions much more work. Debit cards are not allowed within the Archdiocese. If you do decide to allow a credit card to be used for certain expenses, payments should always be made directly to the individual, never to the individual's credit card company. If a parish credit card is used, there should be strict controls over access to, and use of the card. Since undocumented charges cannot be substantiated without receipts, any access to, and use of the card needs to be well managed by the business office.

CASH ADVANCES – are always difficult to manage and control, so should be avoided if at all possible, because invariably the amount spent will differ from the amount advanced, requiring extra work by the business office and then reconcile. And often, receipts are difficult for the business office to track down. If you must have some cash advances, make sure that the business office is involved in setting up, and then controlling the process. The income remittance form for events and ministries should include a line for cash advance to be deducted. Thus, if we collect \$500 and started with a cash box of \$50 we would remit the full \$550, but a line on the income remit would clearly identify the \$50 as the bank and who it was initial issued to. This way, it is all together and on the face of the IRF. We also recommend that advances not be expensed but recorded as a receivable until proper documentation is provided to support the advance. A copy of funds returned deposit or receipts submitted associated with the advance should be attached and maintained with the original cash advance check support. Once documentation is provided and/or an accounting of funds is returned, the transaction should be reversed and income properly recorded.

FINANCIAL REPORTING – most festivals operate initially with a deficit, as some planning expenses are incurred in advance of when portions of the income come in. As long as there is sufficient working capital in the parish to fund the payment of such expenses, the parish business manager, and the head of the festival planning group should use the monthly budget to actual reports that come from the accounting system to best manage the variances in both expenses and revenues.

PURCHASE ORDER SYSTEM – if there are major expenses to be involved, the parish might consider using a purchase order system, and competitive bids might be received to help make sure expenses are held to a reasonable, competitive price level.

DONATIONS – there may be individuals who make donations of goods or services for the festival. Donations of goods that can be easily valued or have receipts could be considered a tax-deductible donation to the festival; however, donations of services can never be recognized as tax-deductible by the IRS. For example, if a company donates refreshments, the receipts for those donations could be the basis for a taxable donation but if an individual donates his/her own services towards an effort, the labor expense is not tax-deductible.

CASH RECEIPTS – handling, managing and safeguarding cash is critical. The parish should consider the controls that are described in the Accounting Best Practices document on the AOA web site. A summary of these controls can be found at: <https://archatl.com/offices/finance/policies-best-practices-procedures/>

In general, the basis of cash controls should be based upon such key steps such as: having dual control of cash at all times; using tamper-evident bags in the collection of cash to help ensure that cash deposited into the bags makes its way all the way to the normal parish count team, and then to the bank; determining how cash collection sites might be minimized, perhaps through the use of bracelets or tickets, stamps or vouchers; having a well-thought out process for collecting uncounted cash, using tamper-evident bags during the collection; using a drop safe for depositing the cash collected, etc. This area should be carefully understood by the festival leaders, who should work closely with the parish business manager to make sure that there are no lapses in internal control. Ultimately, the cash collected, a summary of all expenses incurred, and financial reports should all provide a thorough snapshot of the financial results of the festival.

We recommend the use of tickets to track sales so that expected revenue can be calculated to verify all funds collected are included in the deposit. This could include a place on the income remittance for starting ticket number and ending ticket number. You would also need to know the amount charged (hopefully fixed fee). For example, if a spaghetti supper is \$5 per adult and kids are free, we would issue a ticket to every adult who purchased a dinner (double ticket roll used and one half of the ticket pair given to the purchaser. When the event is over, count the funds under dual control identifying funds by denomination/type, include the starting ticket number (example 24501) and ending ticket number (example 24578) obtained by looking at the tickets that have ½ sold resulting in 77 sold spaghetti dinners time the \$5 rate to calculate expected revenue of \$385 on the income remittance form. Any cash advance for the petty cash box should also be included in the income remittance form (example \$50). Thus, the expected amount to be counted and placed in the tamper resistant bag is \$435 (\$385 plus \$50). In some cases you may actual turn in \$460 or \$430. The \$460 may represent excess donations as a couple paid for two meals but gave a \$20 and said keep the change. It could also mean that the tickets were not consistently given during the cash receipt

process. If the deposit is short, it could be money was misplaced/taken or the wrong change was given. Issues in missing funds could result in changing the volunteers who work the cash receipt table.

VOLUNTEER SCREENING – contact the Safe Environment Office at 404-920-7550 for proper procedures on screening volunteers working with the Festival, especially those that will be assisting with the accounting / money count procedures, off duty policemen hired for traffic control, etc. <https://archatl.com/ministries-services/safe-environment/>

INSURANCE – involve Catholic Mutual’s Claims/Risk Manager, Alex Hagan, as necessary to make sure that the property, and staff are sufficiently prepared for all situations that might arise, particularly of an emergency nature. Alex Hagan’s phone number in the office is 404.920.7375. Alex will also assist with you in confirming that any vendors that may be involved with your festival are appropriately and fully insured.

CONCLUSION

This document was prepared for parishes who are looking for structured policies and procedures for hosting parish festivals. As you identify additional items that should be included as guidance for others, please forward any suggestions, changes, etc., to the Internal Audit Manager in the Finance Office. <https://archatl.com/offices/finance/staff-and-contact/> Thanks and good luck!