

ST. AMBROSE FINANCIAL SERVICES, INC.

SCRIP HANDLING GUIDELINES

Many parishes utilize Scrip as a fundraiser. Parishioners purchase Scrip from the parish, which they then use at local stores such as JC Penney, Kohl's, or K-Mart. Scrip is also commonly used to pay utility bills. There are literally hundreds of businesses nationwide that participate in the Scrip program. When parishioners purchase items with Scrip, the parish receives a small percentage as the fundraiser contribution.

People order Scrip from the parish, which in turn orders Scrip from a company such as the National Scrip Center. The Scrip then arrives at the parish to be picked up by or distributed to parishioners.

Scrip can be an excellent fundraiser if it is properly handled and safeguarded. Since Scrip is an alternative form of currency, it should be treated as cash. Accordingly, parishes should practice safe procedures in the handling of Scrip. The following procedures should be followed:

1. Volunteers should not take Scrip home for delivery. Parishioners participating in the program should pick up Scrip at the parish in a centralized location. Scrip can be sent home from school with a person's son or daughter if the person signs a waiver providing the parish permission to do this (a sample waiver is attached).
2. Scrip should be stored in a safe, which is locked at all times. The safe should be kept in a non-obvious secure area on parish premises.
3. A large inventory of Scrip should not be maintained. Scrip can be received from the National Scrip Center (or other Scrip clearinghouses) in one day by airmail. Parishes should only order the amount of Scrip that has been requested by program participants.
4. Adequate bookkeeping that tracks the purchase and distribution of Scrip is required. At least two people should have dual responsibility for the maintenance of Scrip records. When a parish receives an order of Scrip, serial numbers should be recorded. In the event that Scrip would be lost or stolen, the recording of the serial numbers would allow the parish to quickly identify which Scrip was missing. Local stores could then be alerted to watch for the stolen Scrip.
5. Scrip records should be audited or reviewed by the parish finance committee on a regular basis. Additionally, the Scrip records should not be stored with the Scrip, but in a separate area.
6. The IRS considers Scrip fundraising activities as a trade or business. The profits made from the activity are exempt from income tax when the number of volunteer hours is at least 85% of the total number of hours it takes to run the program. In a letter dated December 3, 1998, the IRS stated on this matter, "It is the responsibility of each participating parish or school to maintain any records necessary to show that this is in fact the case."

All Scrip programs must maintain a record of the hours compiled for each volunteer and paid employee. At the end of the fiscal year, June 30, a calculation must be made to see if the program meets the "85% test." If the paid hours exceed 15% the total hours, a federal form 990T must be prepared and tax paid on the profits. Filing this tax return is a significant burden, but can be avoided with proper planning.

Scrip can be an excellent way for a parish to raise funds. To be successful, parishes must understand that Scrip is a cash equivalent and should be treated with the same care.