

DIOCESE OF JOLIET FINANCIAL POLICIES

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STATEMENT OF POLICY

Under Policy D, the provisions for fund raising income shall be as follows:

1. All fund raising activities, whatever purpose and notwithstanding whether these are administered/operated by professional groups, parish units/organizations or students, shall be conducted under the auspices of the parish.
2. All transactions for fund raising activities shall pass through the parish central bank account. The only exception to this requirement are Bingo transactions (See Bingo Bank Account: Policy F-3.1)
3. All fund raising income shall be treated and recorded as church income, notwithstanding the purpose for which these were raised. The proceeds from these activities shall be used for the purpose for which the activity was undertaken except where limitations are specified, i.e. school support (see church subsidy to parochial schools). The only exceptions to this requirement are as follow:
 - a) Fund raising activities, conducted among and limited to the general membership of a parish organizations (not the general membership of the parish) with funds generated from member contributions or from the proceeds of small games and raffles among the members, shall not be considered as a parish fund raising activity, therefore they are not recorded as church income.
 - b) Minor intra-school fund raising activities that are sponsored, or managed by students themselves, shall not be considered as church income. Any profit from these activities shall be treated as fund raising income.
4. An accounting of each parish fund raising activity shall be made to the Parish Council by the Finance Council at the completion of such activity.
5. Applicable licenses, insurance and tax withholding requirements shall be complied with at all times in all parish fund raising activities.

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6. Amusement contractors during festival shall be required to have casualty and liability insurance. Also, where food and liquor are sold during festivals, the appropriate licenses must also be secured and sales taxes paid as required.
7. Raffles – Prizes awarded represent taxable income to the winners, thus parishes must meet certain requirements set forth by the IRS and IL Dept. of Revenue as follows:
(Further explanation of gambling instructions can be found in the Gaming Publication for Tax-Exempt Organizations 3079. See <http://www.irs.gov/pub/irs-pdf/p3079.pdf>)

FEDERAL

- a) The parish is obligated by law to withhold federal income tax of 25% (2012 percent) for prizes paid out on raffles, festivals, etc., if the winnings less the amount wagered exceeds \$5,000 or having a fair market value of \$5,000 or more.
- b) If the prize is a car or other non-currency item, the 25% withholding shall be applied on the fair market value of such item. Thus, the winner shall be required to put up 25% of the value item prior to receiving the prize. Verify current percent withholding from the IRS link in section “d” below.
- c) The person who is to receive payment of winnings subject to withholding is required to furnish the parish with his/her name, address and taxpayer identification number (social security).
- d) If there are multiple winners on one ticket, the total prize amount, not each individual’s share of the prize, is used to determine the reporting requirements. The total prize is to be paid to one of the winners. It is that winner’s responsibility to distribute the prize winnings to the other winners. However, it is the parish’s responsibility to issue a Form W2-G to each winner. Federal Form 5754 must be completed and retained by the parish. Refer to the instructions for Form 5754 (<http://www.irs.gov/pub/irs-pdf/iw2g.pdf>) for more information.
- e) Federal reporting required:
 - Remit Federal withheld amounts

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- Federal Form 945 (at the end of the calendar quarter)
- W-2G (year end January of the following year) for the following situations:
 - the amount won is at least \$600 but not more than \$5,000; and is at least 300 times the amount of the wager; **OR**
 - the amount won exceeds \$5000 (less the amount of the wager).
- Refer to the IRS website <http://www.irs.gov/pub/irs-pdf/iw2g.pdf> for further filing requirements.

STATE

- a) Form IL-5754 should be completed and retained by the parish for winnings over \$1000. See <http://www.revenue.state.il.us/taxforms/Withholding/IL-5754.PDF>
- b) The parish should withhold Illinois tax at a rate of 5% for Illinois residents. Reporting, withholding, and filing requirements can be found at the following link: <http://tax.illinois.gov/Publications/Pubs/Pub-130.pdf> (pages 7 & 8)