



## Mission Statement

Care Connection will provide resources and services that empower people to create healthy aging experiences.

## Acknowledgement of Cash Prizes Procedure

Date: July 22, 2015 – revised and finalized August 11, 2015

I'm looking through some old communication and research that has happened in regards to cash prizes. I'm consistently finding that the same concerns have come up in the past . . . the concern being that there is no paper trail for cash prizes. As a result of issuing cash prizes, 1) Accounting has nothing that will make us aware and raise a flag as to whether a Form 5754 must be completed for tax reporting purposes (when the prize value is over \$600 and the winning is more than 300 times the wager). 2) There is no documentation to prove that a cash prize was in fact given to and received by the winner. 3) We must record all monies collected as revenue and all payments going out as expense (example, when a 50/50 raffle is held on November 3 bringing in \$500 with \$250 going to John Smith as the winner . . . the center deposits the other \$250 and that gets recorded as FR revenue. But the reality is, we should be recording \$500 as revenue and \$250 as expense – you may think that this is the same NET difference, but financially, it makes a difference and matters to proper financial controls and reporting.)

So bottom line is . . . CASH PRIZES MUST GO THROUGH ACCOUNTS PAYABLE!! From today's conference call with RSDs, Diana, Cheryl, Accounting – Suzanne & Vickie (Aug 11, 2015), the following PROCEDURES FOR CASH PRIZES has been finalized.

- 1) **ANY cash prize being distributed that is \$300 or more** - will ONLY be paid through A/P with a check made out to the recipient.
  - A) With advance notice, Accounting-Accounts Payable will be prepared to turn this check around and mail the check to the recipient the next day (or two) following the event.
  - B) The center staff responsible for the FR event resulting in the cash prize must provide a PO made out to the recipient with current address and either attach the proper form (Form 5754) or indicate that the 300X the wager threshold wasn't met by providing the value of the wager (ticket). See "Fundraiser Give-Aways and Payments for Services Valued at \$600 or More in a Calendar Year".
  - C) Without advance notification or without the proper tax forms being provided, this turn-around time may be delayed.
  
- 2) **ANY cash prize being distributed that is less than \$300** – can be given out in the form of cash.
  - A) This works for events such as Gruel N Gold, Bikers 4 Boomers, Raffles with set prize amounts, etc. This will NOT work for 50/50 raffles where the amount to be won is not determined until the day of the event (see #3 below).
  - B) A few days in advance of the FR event (after having communicated previously with Accounting-Accounts Payable), the center staff responsible for the FR event should submit a Petty Cash request that details the prizes being awarded. For example, Gruel N Gold knows

**106 West Young, P.O. Box 1078, Warrensburg, MO 64093**

**660-747-3107 Fax: 660-747-3100**

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- they will give away 4 \$200 cash prizes, 3 \$100 cash prizes, 2 \$50 cash prizes, and 1 \$25 cash prize. Total cash prizes awarded are \$1,225. Center staff may request a petty cash payment from A/P in the amount of \$1,225. The petty cash request MUST detail the prizes being awarded (ie 4 - \$200, 3 - \$100, 2 - \$50, 1 - \$25). This will give Accounting the opportunity to determine that no Form 5754 is required. And this will also show these cash prizes as \$1,225 EXPENSE on our financials.
- C) Upon distributing the cash prizes to the award recipients, an "Acknowledgement of Cash Prize Receipt" form must be completed and signed. Center staff responsible for the FR event will be responsible for acquiring these forms and signatures.
  - D) Center staff must follow up after the event by sending to A/P a listing of the names who won each prize with the signed "Acknowledgement of Cash Prize Receipts" from each recipient so that it can be attached to the initial Petty Cash request.
  - E) These steps will allow the center to keep all monies collected separate from what is distributed out in prizes so that ALL MONIES COLLECTED can then be recorded as REVENUE when deposited.
- 3) **ANY cash prize being distributed from 50/50 raffles or events where the amount to be won is not determined until the day of the event (not matter what the prize value being awarded) – will ONLY be paid through A/P with a check made out to the recipient.**
- A) Follow the same steps as indicated above in #1 for cash prizes distributed via check.

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## Acknowledgement of Cash Prize Receipt

Thank you for your participation in our event to support the Senior Center. Congratulations on your prize winning!! This letter is to acknowledge you have received the cash prize you were awarded.

On \_\_\_\_\_, \_\_\_\_\_  
(date) (winner's name)

received \_\_\_\_\_ in cash prize from  
(\$XXX.XX)

\_\_\_\_\_'s \_\_\_\_\_.  
(Senior Center Name) (name of fundraising event)

\_\_\_\_\_  
(Signature of Prize Recipient)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature of Senior Center Staff as witness)

\_\_\_\_\_  
(Date)

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