

# Cadillac Area Festivals & Events Policies and Procedures

## Operations:

Cadillac Area Festivals & Events (CAFÉ) is a 501C3, an IRS tax exempt entity. Non-profits and organized committees in the area can utilize CAFÉ as fiduciary account to allow their donors the 501C3 designation, as well as utilize it for other legal, insurance and promotional uses based on need of the festival or event. CAFÉ geographical region mirrors the Cadillac Area Visitors Bureau: North to Buckley, South to Leroy, East to Merritt and West to Wellston. CAFÉ:

- has By-laws governing itself as a 501C3 non-profit
- has written policies and procedures to ensure perpetuity for the betterment of the area
- has its' own Board of Directors insurance
- requires all users to bond and secure special event insurance
- is recognized by Michigan Liquor Control Commission & requires all users to bond and secure liquor & spirits insurance
- is recognized by the Michigan Board of Gaming & Raffle Licensing
- has good relations with the City, County, police, MDOT and MDNR offices
- has organized process to approve and authorize in all areas of use
- releases funds only if the authorization is proper, contracts have been reviewed and the organizations funds in the account allow

An organization/ festival committee must sign a USE contract, adhere to the policies as stated, & utilize the Deposit/Release forms. Failure to do so may result in non-renewal.

*501(c) organization, also known colloquially as a 501(c), is a [tax-exempt nonprofit organization](#) in the [United States](#). Section 501(c) of the United States [Internal Revenue Code](#) ([26 U.S.C. § 501\(c\)](#)) provides that 29 types of nonprofit organizations are exempt from some [federal income taxes](#). Sections 503 through 505 set out the requirements for attaining such exemptions. Many states refer to Section 501(c) for definitions of organizations exempt from state taxation as well. 501(c) organizations can receive unlimited contributions from individuals, corporations, and unions.*

*The most common type of tax-exempt nonprofit organization falls under category 501(c)(3), whereby a nonprofit organization is exempt from federal income tax if its activities have the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering amateur sports competition, or preventing cruelty to children or animals. The 501(c)(4) and 501(c)(6) categories are for politically active nonprofit organizations, which have become increasingly important since the 2004 federal elections.*

## Policies & Procedures:

The following pages are meant to augment the CAFÉ by-laws for everyday risks that CAFÉ may endure due to the complexity of event logistics and/or promotions. The Policies and Procedures will be reviewed annually along with the related Use Contract, Deposit/Release forms and other CAFÉ forms. Please be aware that CAFÉ support multiple festivals and events, therefore please be timely in your communication.

- A – Annual Use Contract
- B – Deposit/Release form
- C – Example of Monthly Financial reports
- D – Insurance policy
- E - Charitable Gaming/ Raffle Licensing policy
- F – Donor/ Sponsorship policy
- G – Accounting policy

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H – Contracting policy  
I – Grant policy

## A – Annual Use Contract

The CAFÉ Use Contract is an agreement between the organization or event committee on who has authorization to release funds from the event account, and maintains that the organization or event committee also understands the policies and procedures of CAFÉ while the agreement is in place. There is a minimum 5% administrative fee\* on Gross Revenue for all Users, see annual contract for details.

Per the CAFÉ Board of Directors decision in January 2015, any organization or event committee may only consecutively use the CAFÉ for a period of two years, offering CAFÉ as an incubator for new festival and event activity. The CAFÉ board has the right to waive this restraint, only at the formal request of the organization or event committee at least 120 days prior to the end of the current Annual Use Contract.

\*The CAFÉ Administrative fee covers the following:

- Accounting fees for processing payables and receivables, banking, assuring accounting practices are being done by event treasurer, and annual filing legal and tax fees for all expenses and income related to use contracts.
- Administrative assurance that each event contracted to CAFÉ is following the legal and insurance requirements as stated in CAFÉ policies,
- Reviewing with Event Committee members the event venue and other event related contractual obligations, and
- Potential training support and mentoring of committee members thru CAFÉ events and personnel.

\*\* Examples of items the CAFÉ Administrative fee does not cover:

- marketing support services of the event, nor should users consider any additional marketing support as part of their administrative fee
- legal fees incurred by an event specific incident
- insurance or permit fees; related taxes, etc. for merchandise sold, etc.

## B – Deposit/Release form

The CAFÉ Deposit/ Release form, must be used with ALL transactions, signed off by the authorized personnel and upon receipt by the CAFÉ personnel a signed copy will be given back to the person or otherwise noted by Use Contract form.

CAFÉ issues checks every other week, please see Payables Schedule as provided in the Annual Contract Packet, or available on [www.cadillacmichigan.com/](http://www.cadillacmichigan.com/)

## C – Financial Reports

The CAFÉ accountant closes the books at the end of each calendar month. CAFE will send a financial report in a pdf format via e-mail provided on the Use Contract, unless otherwise noted. The report will show balances of Income & Expense for the month and FYTD, as well as a General Ledger of your activity if more than 4 transactions have been

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made. If you have any questions please contact our office. A monthly budget is recommended and will report if provided. CAFÉ fiscal year is May 1 – April 30, financial reports are based on this timeline.

## D – Insurance

All CAFÉ users offering a festival or event, must provide and pay for a special event insurance policy at \$1,000,000 general liability, and additionally add liquor insurance if offering any beer, wine or spirits on site – thru a CAFÉ approved insurance agent/ company. And offer ALL vendor certificates of insurance at least 30 days prior to the event to ensure reduction of risk measures have been taken. CAFÉ users can not bind any level of insurance without approval of CAFÉ Board or Executive Director.

CAFÉ has insurance providers who have in the past provided event insurance and liquor insurance. If utilizing CAFÉ for insurance, please disclose need on Use Contract, an insurance application will be forwarded to you for review and use, there are many facets of the festival or event that need to be disclosed.

The CAFÉ Executive Director and/or member of the Board of Directors are the only personnel authorized to BIND coverage at any level.

## E – Charitable Gaming/ Raffle Licensing Policy

Any organization with an approved CAFÉ Use Contract must submit a letter describing what, why, when, fundraising goals of the raffle, and a completed Raffle License Application (LARA) to the Board of Directors, at least 60-90 days prior to the day a Raffle License number is required. Allowing for board approval and application to the State of Michigan in a timely manner. CAFÉ raffle licenses will have a minimum revenue of \$5,000 or \$500 fee for all requests. All raffle funds must be deposited to the Cadillac Area Festivals & Events (CAFÉ) and are subject to the administrative fee per the organizations CAFÉ Use Contract. Only one disbursement will be made from CAFÉ to a non-profit previously identified.

State of Michigan application available here: <http://www.michigan.gov/cg/0,4547,7-111-34702---,00.html>

ALL requirements of the Charitable Gaming licensing will apply, special notes to consider:

- all funds are required to be used in accordance to the application
- all funds are required to be declared, taxes and 1099's to winners as submitted within the proper time as noted on the license.

Failure to abide by the State rules will force CAFÉ to revoke your license/permit abilities and cancel your permit. All monies submitted will be retained based on expenses incurred, and kept in balance in CAFÉ until user group can provide a new documented 501C3 non-profit to balance out the funds.

The CAFÉ Executive Director and/or President of the Board of Directors are the only personnel authorized to sign off on Charitable Gaming applications.

## **F – Donor/ Sponsorship policy**

Donors/ Sponsors can utilize the 501C3 designation, see bold faced below. When depositing a donation that requires a receipt, please check the box on the Deposit/Release form, ensure that the donors contact information is provided and CAFÉ will issue a receipt for their records. Please let us know if you want us to send directly to your donor, or if you would like to pick up the receipt and deliver yourself.

NO funds processed thru CAFÉ can be utilized for political or religious reasons, per the law. NO sponsorship can be construed as a CAFÉ sponsor, only by the individual event. NO donations can be used for anything other than the intended purpose of the donation, ie/ marketing, event expenses, deposits, etc.

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## **G – Accounting Policy**

Upon deposit and release of funds, your organization will receive a monthly statement balance on income and expense. If you would like that broken down into categories such as income: sponsors, vendors; expenses: tournament, contest, fireworks; then please consult with our Accounting personnel at the beginning of your contract period to set up the proper income and expense accounts, and submit the forms with the designated accounts as you wish.

- All requests for release of funds must be signed by an authorized person on your Use Contract. No other signatures will release funds.
- All releases are based on a two week time frame, an annual 'payable schedule' will be provided as part of the annual contract package.

CAFÉ is a fiduciary style organization, dedicated to assisting with economic growth and community service through festivals and events. Please understand that there are regulations and time constraints on the accounting services provided, therefore, you are encouraged to keep records of your own.

Annual Contract Package Includes:

- Contract Package receipt/ sign-off
- Approved User Contract with use categories & Income/Expense accounts
- Payable Schedule
- CAFÉ Policies & Procedures/ sign-off

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- Deposit & Release of Funds forms
- Event Insurance questionnaire (as needed)

## H – Contracting policy

**All contracts and/or permits** binding CAFÉ legally must be reviewed and signed by the Executive Director and/or President of the CAFÉ Board of Directors. Please send electronically if all possible, and allow up to 7 business days for review and response. NO CAFÉ committee members are authorized to bind CAFÉ legally. This applies to all event related contracts for services, venue, etc.

## I – Grant policy

All grant applications must be reviewed and approved by the Board of Directors, and signed by the Executive Director and/or President of the CAFÉ Board of Directors. Please send electronically if all possible, and allow up to 30 days for review and response. Grant related policies are outlined in the Grant Policy, a separate document.

*As the authorized signer of the CAFÉ User Account \_\_\_\_\_, I sign below with a full understanding of the policies and procedures as outlined above. I further understand that by not following these policies and procedures our ability to utilize CAFÉ may be jeopardized and/or revoked.*

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Authorized Signature of CAFÉ User & Date

Authorized CAFÉ Personnel & Date

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Print Name

Print Name