



Bullock Creek/Pine River PTO Finance Policies and Procedures

PTO funds are intended to benefit the students through the enhancement of school programs and activities. The PTO Officers and Committee Chairs are the guardians of these funds and have an obligation to see that they are protected and used wisely. It is very important that everyone follow these policies.

DISBURSEMENTS & EXPENDITURES

Budgeting Process

- The PTO's budget shall be prepared by the Treasurer or Co-Treasurer and approved by the members annually by September 1 of the fiscal year.
- If you have budgetary problems, let the Treasurer or Co-Treasurer know as soon as possible. If a revision or over-run is warranted, it needs to be approved by the Executive Board or at a general meeting. Such changes should be approved prior to any money being spent.

Approval of Expenditures

- Items included in the approved budget have received appropriate approval by the general membership.
- In accordance with the bylaws, The Executive Board has the authority to approve expenses up to \$250 without the general member's approval. Expenses that are over \$250 must be submitted to the board at least 2 weeks prior to the event to be approved at a general meeting unless it is a standard item that has been approved in the past. Purchases under special circumstances prior to a board meeting will require all board members to be contacted to vote. It will then be covered at the next board meeting.
- The definition of the Executive Board, per the bylaws, consists of the Officers of the organization, a teacher representative, and a principal. (The teacher rep will be the one that signed up for that month and the principals will rotate their attendance.)

Reimbursement for Personally Funded PTO Expenses

- Generally speaking, the PTO prefers to pay bills directly, rather than requiring individual volunteers to pay expenses and then get reimbursed. However, there will be circumstances where reimbursements are necessary.
- All reimbursements require a receipt. There can be no reimbursement of costs without a supporting receipt or invoice.
- Please do not eat expenses. We do our budgeting and plan our fundraisers, events, and other activities based on the prior year's experience; if volunteers do not submit expenses, we underreport our expenses and cause budgeting problems for future years. If someone wishes to donate items they have purchased, please contact the Treasurer or Co-Treasurer to ensure that the donation is correctly accounted for.
- All receipts and completed reimbursement forms must be submitted to the Treasurer or Co-Treasurer within two weeks of the purchase. Please do not accumulate receipts and wait to submit them; submit all receipts as soon as possible.
- As a general rule, allow two weeks for processing of a reimbursement. If the request is more time critical, contact the Treasurer or Co-Treasurer.
- PTO's books close June 30, when all budgeted accounts revert to the general purposes of the PTO. All requests for reimbursements for the fiscal year must be in the hands of the Treasurer or Co-Treasurer by June 15th to allow adequate time for processing. No reimbursements will be made after June 30th.

PTO Debit Cards

- The President, Treasurer, Co-Treasurer, and two Vice Presidents are approved for a PTO debit card. Other Officers or Committee Chairs may be provided with a debit card for PTO purchases on a case by case basis at the discretion of the Treasurer/Co-Treasurer/President. This card is to be used exclusively for PTO purchases.

- Receipts for debit card purchases must be submitted to the Treasurer within two weeks of the transaction, with a completed “PTO Expense Report” form.
- Failure to submit receipts in a timely manner can result in the revocation of debit card privileges by the Treasurer or Co-Treasurer.
- The Treasurer/Co-Treasurer/President have authority to cancel all open debit cards, or a particular individual’s debit card, at their own discretion, at any time, and without warning. Notice must then be immediately sent to the cardholder(s).

Checks Disbursed

- Check signing authority will be limited to two of the following three individuals: Treasurer, Co-Treasurer, or President.
- Blank checks must be stored in a locked location.
- Blank signed checks will not be issued for any reason.

Cash on Hand

- The PTO will not keep any cash on hand.
- Cash should not be withdrawn for an event or activity prior to one business day before the event occurrence. Cash will remain in a locked location prior to the event.
- Cash will be deposited as soon as feasibly possible following an event or fundraiser. Amounts in excess of \$2,000 require immediate / night deposit. All other deposits need to be performed within 1 business day. Cash will remain in a locked location prior to deposit.

Tax Exempt Status

- The PTO has its own tax ID # for sales tax exemption purposes. Purchases made for the tax exempt purpose of the organization are not subject to sales tax. If documentation is need of the tax exempt status, the vendor should be provided with our IRS tax exempt “determination letter.” A copy of this letter is available on the PTO website.
- Due to the tax exempt status of the PTO, in many cases, reimbursements will not cover sales tax paid by an individual.

Contracts

- The PTO should only enter into written (not verbal) contracts.
- Contracts are valid only when signed by the President or one of the two Vice Presidents.
- Any other person signing a contract can be held personally liable for the full amount.
- For significant purchases, at least three price quotes/bids should be obtained to help ensure that the PTO is receiving the best value.
- Any potential contracts with persons or companies related to a PTO Officer or Committee Chair must receive special review to ensure that no conflict of interest exists. After exercising due diligence, the PTO Officers shall determine whether the PTO could obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

Capitalization of Assets

- A “Capital Asset” is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; and (2) was acquired or produced for a cost of \$2,500 or more. Capital Assets must be capitalized and depreciated for financial statement (or bookkeeping) purposes.
- All Capital Assets are recorded at historical cost as of the date acquired. Tangible assets costing below the aforementioned threshold amount are recorded as an expense for the annual financial statements. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

REVENUES AND DEPOSITS

Fundraiser/Event Cash Procedures

- Cash box information must be given to the Treasurer or Co-Treasurer at least one week before an event. Include the amount needed as well as the denominations requested.
- During the fundraiser or event, never leave the money alone. Two adults shall remain present with the money at all times. One of these individuals must be an Officer or Committee Chair.
- All funds received in cash or check form must be counted by two people. One of the two must be an Officer or Committee chair. This must be evidenced by sign off of the two individuals on the supporting count documentation.

Checks Received

- All checks should be made payable to: Bullock Creek/Pine River PTO
- It is important to get checks to the Treasurer or Co-Treasurer quickly so that if any checks bounce, we have enough time to recover funds before distribution of merchandise or before an event has been held.

Deposits

- A signed count sheet and the associated money must be given to the Treasurer or Co-Treasurer within 24 hours of receipt. Contact the Treasurer or Co-Treasurer to make arrangements to transfer funds; never put them in an unsecured location.
- When the Treasurer or Co-Treasurer receives the bank receipt for the deposit and verifies that the deposit is in the PTO account, the receipt will be forwarded to the person(s) who performed the count. It is the responsibility of the PTO Officer or Committee Chair (other than the person performing the bank deposit) to ensure the amount counted is deposited in the bank account.
- Cash will be deposited as soon as feasibly possible following an event or fundraiser. Amounts in excess of \$2,000 require immediate / night deposit. All other deposits need to be performed within 24 hours. Cash will remain in a locked location prior to deposit.

Donations

- Direct donations by cash, check, or credit card that occur outside of traditional fundraising activities are recorded as unrestricted funds unless the donor specifies a purpose.
- Donations received in conjunction with fundraising or events activities will be recorded as “fundraising revenue” or “event revenue” and recorded in the activity for which the donation occurred.
- In-kind donations (goods or services) will be accepted when the form of the gift is immediately available and is either directly usable for the mission of the PTO or can be used in direct support of PTO activities. The PTO will record the gift at fair-market value, which will be determined in consultation with the donor.
- For donated services to require financial recognition, they must either create or enhance the non-financial assets of the PTO or require skills that would typically need to be purchased if not provided by the donation.

ACCOUNTING POLICIES AND FINANCIAL REPORTING

Record Keeping

- An appropriate accounting system shall be used to log all expenditures and receipts, as well as any other journal entries. This is the responsibility of the Treasurer or Co-Treasurer.
- Every transaction must be accompanied by appropriate supporting documentation and appropriate approvals.

Closing the Books

- After a given month has ended, the Treasurer or Co-Treasurer must review the general ledger information to ensure accuracy and completeness and prepare bank reconciliation(s) and financial report(s). These activities must be completed within two weeks of month end, with the exception of year end activities that must be completed by the end of the following month.

Bank Reconciliations

- Bank reconciliations are completed on a monthly basis by the Treasurer or Co-Treasurer in conjunction with closing the books. This must be completed in the timeframe established for closing the books.
- The bank reconciliations are to be provided to all Officers and Committee Chairs. The President or a VP must document their review of the reconciliations within 30 days of month end.
- All Officers and Committee Chairs will have read only access to the bank account(s) to allow for verification of fund balances in the reconciliation reports; authority for full account access will be limited to two of the three following individuals (Treasurer, Co-Treasurer, President).

Internal Financial Reports

- The Treasurer or Co-Treasurer prepares financial reports on a monthly basis. All reports are to be finalized in the timeframe established for closing the books.
- The Executive Board shall review financial reports at each general meeting.
- Budget to actual should be included in the review at the general meetings, as approval is needed for any items over budget.
- A cash activity report, and reconciliation between the bank balances and financial reports, shall be completed by the Treasurer or Co-Treasurer. This report is a key internal control and requires President or VP sign off on a monthly basis.
- Annually, the June 30 year end report must be reviewed at the September general meeting in accordance with the bylaws. This report then needs to be displayed at the schools.

Basis of Accounting

- The PTO utilizes the cash basis of accounting. Revenues and expenses are recorded only when the corresponding cash is received or payments are made.

Insurance

- The PTO must maintain insurance against theft and casualty losses to the PTO and against liability losses to the Officers or PTO itself.
- Officers, Committee Chairs, and those volunteering on behalf of the must receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payment.
- Officers, Committee Chairs, and those volunteering on behalf of the PTO must avoid actions that would expose the organization, its board, or its staff to claims of liability.

Background Check

- The Treasurer and Co-Treasurer must complete a background check as a condition of the Officer role.

Audit Committee

- As defined in the bylaws, the President, one Principal, and one other non-officer member shall establish an Audit Committee and review Treasurer records on an annual basis. This activity is also required for financial fraud insurance purposes.
- A signed statement by the Audit Committee verifying the accuracy of the financial records shall be kept with the Secretary's records.

Regulatory Compliance Filings

- The Treasurer is responsible for any sales tax payments and annual return and any federal returns.

Records Retention

- Copies of all financial records and supporting documentation shall be kept for five years.