

FINANCIAL POLICIES & PROCEEDURES
for
FULSHEAR CHARGER BAND BOOSTERS

Annual Budget. An annual budget for FCBB is required to show expected sources of income and line items showing the amount expected from each source, and expected expenses and line items showing the amount of each expected expense, shall be developed by the Budget Committee, and presented to the membership for review and approval at the August meeting. The annual budget may be amended from time to time by the membership as needed.

Purchase Approval. All purchases on behalf of the organization must be pre-approved, either by detailed line item in the annual budget or vote of the board or membership. The officer(s) authorized to sign contracts on behalf of the organization shall be designated in the bylaws, or by vote of the Board of Directors or membership.

Bank Account

1. **Bank accounts.** All bank accounts of the organization shall be opened in an FDIC insured institution, approved by the Board of Directors, in the legal name of the organization using the organization's own EIN (employer identification number). Bank accounts shall not use the school's EIN.
2. **Bill payment.** All bills of the organization shall be paid by check from the organization's bank account. Online or e-checks are permissible, however all procedures for paper checks must be followed, regardless of the banks procedures (i.e., prior approval of processing the online payment should be obtained by way, for example, of email approval by the required number of signatories before processing the payment).
 - a. All expenses must be pre-authorized by:
 - i. approval in the annual budget, or
 - ii. approved in advance by the Executive Board for a single expenditure up to \$500 that is outside of the preapproved budget and such approval shall be noted in the minutes, or
 - iii. by vote of the members for any expenditure over \$500 not preapproved in the budget and such approval shall be noted in the minutes.
 - b. All checks shall be numbered and shall be held in the custody of an officer authorized by the Board, such as the Treasurer.
 - c. All payments by check shall correlate to an invoice or receipt, on which the check number and date paid shall be written. If a receipt or invoice is not available, an officer shall write and sign a description of what was purchased.
 - d. Pre-signing blank checks is prohibited.
 - e. Two signatures are required on all checks. Signees need to ensure their signature matches the signature card with the financial

institution.

- f. Signees cannot sign a check for reimbursement to themselves.
- g. Bank statements shall be reviewed and reconciled by treasurer and one other officers without signature authority to ensure separation of financial controls.

3. Bank cards.

- a. All debit card charges must be preapproved and submitted with an Authorization Form to be signed by one of the other members of the Executive Board.
- b. The Executive Board must maintain a list of the authorized users.
- c. The debit card may be used for *all* on-line payments, and purchases up to \$500.
- d. No personal charging on the card by the authorized users shall be allowed.

Sales Tax. Sales tax will not be reimbursed for nontaxable purchases. If sales tax is charged on the debit card, the sales tax is to be reimbursed to the booster club by the officer who made such charge.

Cash

- 1. All cash must be kept in the band hall lock box until deposited. If petty cash is on hand, a petty cash ledger shall be kept and monthly reports, including starting balance, expenditures, additions and ending balance shall be provided to the Board.
- 2. The maximum amount of cash kept on hand is \$250.
- 3. A receipt shall be provided whenever cash is turned over or collected.
- 4. Receipts shall be numbered and kept in a bound book, with one copy provided to the person turning in the cash, and one copy kept in the receipt book as a record. Alternatively, a receipt ledger on which the date, amount, and signature of both the giver and recipient of the funds may be used.
- 5. Cash should always be counted by two (2) individuals, on the day the funds are collected, and at the site (i.e. school) where the funds are collected. A cash tally/deposit sheet showing the date and amount collected, and signed by the counters should be maintained. If the Treasurer is not one of the counters, the Treasurer should recount the funds, and counter-sign the tally sheet,
- 6. All monies must be submitted to the Treasurer within 7 days of receiving them.
- 7. The Treasurer must deposit all monies within fourteen days of receiving them. A copy of the deposit slip shall be immediately forwarded and kept by the Treasurer. The deposit slip should be attached to the cash/deposit sheet, and saved for the bank reconciliation.

Financial Reports. The Treasurer should provide a financial report to the officers, and members as appropriate, usually monthly (based on the calendar month) that includes:

- 1. Statement of receipts and disbursements (also known as a Statement of

- Activities);
2. Balance sheet (includes cash on hand, other assets, liabilities and equities);
 3. A copy of the bank statement, bank reconciliation, monthly cash reports and imaged checks;
 4. A copy of the deposit/tally sheets; and,
 5. Any outstanding receipts/expenses/purchase orders/contractual obligations.

The monthly treasurer's reports, bank statements, canceled checks, check registers, invoices, receipts, cash tally sheets, investment statements, and related documents should be kept for seven (7) years. The year-end treasurer's report, annual financial review report, and IRS Form 990 shall be kept permanently.

Financial Review/Audit. An annual audit or financial review of the organization's records should be completed at the end of the year, and prior to turning records over to new officers. The financial review is intended to ensure that all financial procedures are being followed, and that no financial irregularities exist. The financial review may be completed by an internal audit committee if the organization has gross receipts of less than \$100,000 per year. Organizations with gross receipts of more than \$100,000 per year should hire an outside financial professional, such as a certified professional accountant, to complete the financial review. Organizations with gross receipts of \$250,000† or more should have a full annual audit conducted by an external CPA or accounting firm.

Audit Committee. An Audit Committee should be established that is made up of at least two officers, board or general members, at least one of whom has enough financial background or experience to understand the organization's financial statements and records. The audit committee members should not include anyone with bank signature authority or who has been routinely involved in handling the organization's finances, or any immediate relative of the signers. The purpose of the audit committee is to provide a fresh set of eyes to ensure that the organization is following all appropriate financial policies and practices and reduce the risk of financial irregularities.

†The \$250,000 threshold is taken from the June 2005 final report to Congress of the Panel on the Nonprofit Sector, convened by Independent Sector.