

**FARRAGUT SCHOOL BOOSTER CLUB
DBA FARRAGUT FAN CLUB
FINANCIAL POLICIES AND PROCEDURES**

(Revised August 15, 2017)

I. Annual Budget

1. Detail. An annual budget that shows expected sources of income and reasonably detailed line items showing the amount expected from each source, and expected expenses and reasonably detailed line items showing the amount of each expected expense, shall be developed by the executive officers prior to the start of each school year and approved by the Board of Directors, and presented to the membership for review and approval at the regular members meeting in September. If appropriate, the sources of income and the expenses relating to the same activity should be presented side-by-side to show the net financial impact from that activity.
2. Special Items.
 - a. Fifth grade activities should be shown as a standalone line item and, consistent with prior practice, the sources of income from those activities should not be used for other activities.
 - b. FFAST income and expenses should be shown as a standalone line item. However, use of FFAST income needs not be limited to FFAST activities.
 - c. The annual budget should include a line item that represents funds that may be used for the organization's benefit in the discretion of the officers, subject to the approval procedure set forth in Section II.1.
 - d. The annual budget should set aside a reserve fund as may be required by the school district for compensation of personnel contracted for through the district. Typically, this amount is equal to one year's compensation for such personnel.
 - e. The annual budget should set aside a reserve fund of \$20,000 to be used for extraordinary technology expenditures or such other expenditures in the organization's best interests as the Board of Directors and the members may approve. Any use of the reserve fund should be replenished as soon as possible.
3. Amendment. The annual budget may be amended from time to time with the approval of the Board of Directors for amounts less than \$500 or with the approval of the membership for amounts of \$500 or more.

II. Expenditure Policy

1. Approval. All expenditures on behalf of the organization must be pre-approved by the President (or, if there are Co-Presidents, by any Co-President). If an item

or group of related items costs \$500 or more, then the approval of the membership is also required, unless the expenditure is generally captured in the annual budget (excluding the discretionary funds item) that has been approved by the membership. The officers are authorized to sign contracts on behalf of the organization as long as purchases that require approval as described above are so approved.

2. Payment/Reimbursement Form. Any person who requests payment to a vendor or seeks reimbursement for any purchase on behalf of the organization should complete and sign a payment authorization/request for reimbursement form provided by the organization showing the date, the amount expended or to be expended, the payee and the activity associated with the expenditure to ensure that the purchase is legitimate and to allow the Treasurer to properly account for such expenditure in the organization's books. Payments to vendors and contractors should be made by check by the organization and not by personal checks of any officer, program chairperson or other individual, unless approved in advance in writing by the President or a Co-President. Reimbursement requests must be submitted within 60 days after the end of the activity associated with the expenditure, unless the President or a Co-President waives this requirement for good reason. The President, a Co-President or the Treasurer should keep a copy of the payment authorization/request for reimbursement form in the organization's records.

III. Bank Accounts

1. Bank Accounts. Any new bank accounts of the organization shall be opened in an FDIC insured institution, approved by the Board of Directors, and 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. Investments. All investments and investment accounts shall be approved by the Board of Directors. Investment accounts shall generally be limited to Certificates of Deposit in FDIC insured institutions.
3. Bill Payment. All bills of the organization shall be paid by check from the organization's bank account (or an officer may pay the organization's bills and seek reimbursement). Online or e-checks are permissible; however, all procedures for paper checks shall be followed, regardless of the bank's 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 checks shall be numbered and shall be held in the custody of and safeguarded by an officer authorized by the Board, typically the President (or a Co-President), who shall not be the Treasurer. An incoming officer who is to hold custody of checks shall ensure that all checks held by his or her predecessor are turned over.
 - b. All payments by check shall correlate to an invoice or receipt. If a receipt or invoice is not available, an officer shall write and sign a description of what was purchased.

- c. Pre-signing blank checks is prohibited.
 - d. The President (or the Co-Presidents) shall have check signing authority. The Treasurer shall not have check signing authority in order to ensure separation of financial controls. The Board may designate different officers to have check signing authority as appropriate for the circumstances for the organization so long as comparable financial controls are maintained. Two signatures are required on any check of \$500 or more.
 - e. Following their election, the officers with check signing authority and other officers as required by the bank's procedures shall promptly update the authorized signatory list with the bank.
 - f. The officers shall use reasonable efforts to safeguard the handling of checks. If a check requires two signatures, the officers should adopt procedures to prevent checks from being lost or stolen, such as using the school's safe or other locations that are not easily accessible by the public.
- 4. Bank Statements. Bank statements shall be reviewed monthly against a reconciliation to the organization's balances by the Treasurer **and** one or more other officers without signature authority (such as the Secretary) to ensure separation of financial controls.
 - 5. Bank Cards. The organization shall not use debit/credit cards.

IV. Cash and Incoming Checks

- 1. Deposit. All cash and incoming checks should be deposited as soon as possible and, if not possible, should be kept in a secure location, such as in the school's safe or a lock box if available, until they can be deposited. The officer depositing the cash and checks shall provide a copy of the deposit slip to the Treasurer.
- 2. Petty Cash. If necessary for activities or events, the officers may withdraw petty cash not to exceed \$250 at any time. Any remaining petty cash should be handled in accordance with paragraph 1 above.
- 3. Receipt Procedure and Deposit/Income Verification Form. Receipt of all cash and checks should follow the procedures below:
 - a. Cash should be counted by the chair of the event generating the cash and/or one or more other individuals designated by such chair no later than the end of the event and at the site where the funds are collected. Where possible, the count should be done by two authorized individuals.
 - b. The counter(s) should complete and sign a deposit/income verification form provided by the organization showing the date, amount collected (by type) and the activity which generated the funds to facilitate tracking of the funds and to allow the Treasurer to properly allocate those funds in the organization's books. If the funds are handed off to another officer so

that they can be deposited, the receiving officer should verify the form is accurate and counter-sign the form. The Treasurer should keep a copy of the deposit/income verification form in the organization's records.

V. Loans

The organization shall not make loans to any directors, officers or members.

VI. Financial Reports

1. Financial Reports. The Treasurer should provide a financial report to the officers and the members at each annual and regular members meeting including:
 - a. a statement of receipts and disbursements for at least the most recently ended month or, in the case of the regular members meeting, for the most recently ended fiscal year, showing reasonably detailed line items and presenting receipts and disbursements relating to the same activity side-by-side to show the net financial impact from that activity, in a manner consistent with the annual budget;
 - b. if the activities of the organization require it, a balance sheet (including cash on hand, other assets, liabilities and equities) as of the end of the most recent month or, in the case of the regular members meeting, as of the end of the most recent fiscal year;
 - c. upon advance request, a copy of the bank statement, together with a reconciliation to the organization's financial records; and
 - d. such other financial records as any officer or member may request upon reasonable advance notice.
2. Record Retention. The monthly treasurer's reports shall be compiled and kept in the organization's records for three (3) years. The year-end treasurer's report, bank statements, canceled checks (if any), check registers, invoices, receipts, payment/reimbursement forms, deposit forms, investment statements (if any), and related documents should be kept for five (5) years.

VII. Financial Review/Audit

An annual audit or financial review of the organization's records should be completed at the end of the fiscal 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 should be completed by a member who has sufficient financial background but does not have check signing authority and is not involved in the routine handling of the organization's finances.

VIII. Review and Update of Policy

The executive officers and Board of Directors should review this policy prior to the start of each school year and update it periodically as appropriate. Each executive officer and program chair should read and be familiar with this policy. At the beginning of each

school year, each executive officer and program chair should be sent a copy of this policy and acknowledge his or her understanding of this policy.