



# PTO FINANCIAL PROCEDURES

## 2024-2025

### DUTIES

The Brennen PTO's Bylaws currently state the Treasurer and Treasurer-Elect's duties as follows:

**SECTION 5.9 Treasurer.** The treasurer shall be the custodian of the funds of the corporation shall keep an accurate record of receipts and expenditures, and shall pay out funds as authorized by the board of directors. The treasurer shall present a statement of account at every meeting of the board of directors and at other times as requested by the board of directors, and shall make a full report to the general membership at the final meeting of the year, usually held in May. The treasurer's accounts shall be examined annually by an auditing committee of not less than three (3) members appointed by the president, who, when satisfied that the treasurer's annual report is correct, shall sign a statement to that fact at the end of the report. The auditing committee shall be appointed at least two (2) weeks before the final meeting. The treasurer will also be responsible for the corporation's Endowment Fund {see Article 5}, which was formed in accordance with these bylaws, supplying an annual report to the corporation and board of directors. Unless otherwise provided by the board of directors, the treasurer shall serve as chief financial officer of the corporation.

**Section 5.10 Treasurer-Elect.** The treasurer-elect will serve in a training position to assume the office of the treasurer of the corporation the following school year. The treasurer-elect shall be responsible for assisting the treasurer as needed, and shall act on the treasurer's behalf should the treasurer be unavailable.

### ANNUAL BUDGET & EXPENDITURES

Money raised by the Brennen PTO shall be spent as specified in the approved Annual Budget. The Brennen PTO Board of Directors (the "Board") may appoint individuals and committees to manage budgeted income and expenditures under the guidance of the Board.

The fiscal year of the PTO shall be from August 1st through July 31<sup>st</sup> or as otherwise determined by the Board.

Any additional expenditures not outlined in the Annual Budget must be approved by the Board. **Furthermore, any single expenditure exceeding Two Thousand Five Hundred Dollars (\$2,500.00) must be approved by the Board.**

**Any expenses over budget must be approved in advance by the Board to be paid.**

## FINANCIAL PROCEDURES

The Board approves the Annual Budget at the beginning of the calendar year (usually in August or September). To spend budgeted funds, we ask Committee members to follow the outlined procedures below.

All Financial Request Forms are located in the Front Office at Brennen and/or on the PTO website.

At this time, the Brennen PTO only accepts payments via cash or check, or via online submission (through Square or Shopify, or via a vendor's portal like PledgeStar or Qtego). We do not accept payment via Venmo.

### DISBURSEMENT OF FUNDS {INVOICES OR CHECK REQUESTS}

In order for Brennen PTO funds to be disbursed (for a reimbursement or to initiate a payment to an external company or individual) a **Check Request Form** MUST be completed. All forms must be submitted with receipts or appropriate paperwork and may be placed in the Treasurer's mailbox located in the Brennen Front Office, or at a mutually agreed upon location by the Treasurer and the committee member.

If a committee member's expense is large (\$600 and over), please have them get a quote/invoice and request a check in advance or ask the vendor to direct bill **Brennen PTO** (not Brennen Elementary). *An exception to this rule is for food-related purchases. The vendor must provide a completed W-9 prior to receiving payment.*

The committee member may submit the check request by placing it in the Treasurer's mailbox, or at a mutually agreed upon location by the Treasurer and the committee member. Please allow two (2) weeks for processing.

**Checks over Five Thousand Dollars (\$5,000) will need 2 signatures. One signature by the Treasurer and the other signature by the Treasurer-Elect.**

**Any expenses over budget must be approved in advance by the Board to be paid.**

### REIMBURSEMENT REQUESTS

If a committee member's expense is under \$600, they may do either of the above or make the purchase themselves and request reimbursement. If requesting reimbursement, a Check Request Form MUST be completed and associated attach invoices or receipts. No reimbursements will be given without a valid receipt (except for cash tips, see below).

**Any expenses over budget must be approved in advance by the Board of Directors to be reimbursed.**

There may be times when the Treasurer needs to reimburse him/herself. Doing so requires someone else's signature on the check (ie. Treasurer-Elect).

### PTO DEBIT CARD USAGE

The Treasurer and Treasurer-Elect are each issued a debit card by SouthState Bank. This information is not to be distributed via email or text message, for security purposes. The card information can be shared directly with a committee member over the phone, as long as the item to be purchased has been approved in the budget by the Board. If the item to be purchased is over the budgeted amount, the committee member will need to seek approval from the Board before the purchase can be made.

Committee members may submit a request to borrow the debit card for purchases, instead of requesting a check reimbursement. It is the responsibility of the committee member to use the card responsibly, keep up with and submit all

associated receipts and invoices, and return the card within one week. A Form **MUST** be completed when returning the receipts, so the Treasurer knows to which budget line item the purchases should be coded.

If the debit card is lost or stolen at any time, it is the responsibility of the committee member to **IMMEDIATELY** notify the Treasurer so the card can be canceled.

## DEPOSITS OF FUNDS

Funds collected on behalf of the Brennen PTO will be deposited by the Treasurer or Treasurer-Elect in the Brennen PTO bank account. A Deposit Request Form **MUST** be completed and accompany such funds to be deposited. Checks may be placed in the Treasurer's box located in the Front Office at Brennen, or at a mutually agreed upon location by the Treasurer and the committee member. Cash should be placed in the school lockbox until picked up by the Treasurer or the Treasurer-Elect.

The lockbox is maintained by Mrs. Lawrence in the front office. She is the only person with access to the lockbox, other than the Treasurer and Treasurer-Elect.

The Treasurer and Treasurer-Elect do not track who has paid and/or what amounts for any given fundraiser. We are only responsible for the total amount of the deposit. If a committee needs to keep track of that information, they will need to keep a spreadsheet for their purposes. The committee is responsible for writing the name of the program or event in the memo line on each check prior to submitting it to the Treasurer for deposit. Cash can also be accepted but should clearly be marked what program or event it is associated with prior to deposit. Cash should be counted twice, with the amount confirmed, before it is given to the Treasurer for deposit.

## ACCEPTANCE OF DONATIONS & FUNDS

The PTO may accept donations and payment for items or events in the form of cash or check; if by check, made payable to "Brennen PTO." All contributions and payments will be deposited into the Brennen PTO bank account. An appropriate acknowledgement letter will be sent to the donor for a straight donation over \$200 if no goods or services were received for their donation.

The Brennen PTO will attempt to collect bank fees and the original amount of payment for checks returned for insufficient funds. The Brennen PTO reserves the right to refuse acceptance of checks from individuals whose checks have been previously returned. An example letter to be sent to the payee for insufficient funds can be found on the Treasurer thumb drive.

## PETTY CASH

On rare occasions, a committee may need cash payments. Petty cash may be requested for use during a Brennen PTO-sponsored fundraiser or event. A Petty Cash Form **MUST** be submitted to the Treasurer at least one (1) week prior to the event. The person requesting petty cash must verify the total of the petty cash before and after the event and sign the Petty Cash Form.

Whenever petty cash is requested for tips or other purposes, you **MUST** have a "witness" sign a Tip Reimbursement Receipt for the files and for Audit purposes. This form is required for reimbursement.

It is the responsibility of the committee chair to roll any coins collected. Color coded coin wrappers can be found in the PTO Office.

Petty cash and any resulting cash profit will be deposited back into the Brennen PTO bank account and **MUST** be accompanied by a Deposit Request Form.

There are cash boxes in the PTO Office that can be filled and used for any event or program. When finished, these need to be returned to the PTO Office for the next person's use.

## IRS FORMS: W-9 & 1099 REPORTING

⇒ **W-9s:** Per the IRS, any person receiving payment for services from the Brennen PTO will be issued an IRS form W-9 (Request for Taxpayer Identification Number and Certification). The W-9 must be completed and returned to the Treasurer prior to receiving payment. For any individual, sole proprietorship, partnership, or LLC who is paid over \$600 for services to the Brennen PTO within a calendar year, the Brennen PTO will issue that individual or business a 1099-miscellaneous form prior to January 31 of the following year. Any individual paid for services by the PTO is responsible for reporting any income from the PTO on their tax return.

\*\*ask for W-9s for vendors you pay \$600 or more in services, NOT GOODS. Goods are things like tangible property. Example: if you are paying someone to put down mulch, you 1099 the contractor/vendor for their services, but they can deduct the cost of the mulch on their end. If we pay for a scoop of mulch and put it down ourselves, then we would not 1099 the contractor/vendor. Ask CPA if you have any specific questions.

⇒ **1099 Reporting:** We must send 1099s to all vendors who provide \$600 or more in services or rentals during the calendar year (this is different than our fiscal year). **These are due January 31<sup>st</sup> each year.** To start, you run a vendor transaction report in QuickBooks to see who we paid over \$600 to and then weed out those who provided goods and services. We must have their Tax ID number and address, which is why the W-9 forms are so important.

⇒ 1099s are generated automatically through QuickBooks for e-file. QuickBooks will e-file the 1099s with the IRS on our behalf. QuickBooks will also e-deliver the 1099s to the vendors and print/mail copies to the vendors too.

## SECONDARY OPERATING ACCOUNT

The Brennen PTO shall maintain two bank accounts. The primary checking account shall serve to operate the annual budget. The excess funds account shall hold funds accrued from fiscal years when revenues exceeded expectations.

Excess funds shall be determined at the end of the fiscal year and moved from the primary checking account to the excess funds account prior to the beginning of the new fiscal year. Excess funds may be used by the Brennen PTO for the furtherance of its tax-exempt purposes.

A rollover balance of Fifty Thousand Dollars (\$50,000) shall be maintained in the primary checking account at the beginning of any new fiscal year in order to fund expenses that arise before revenue is generated in any given fiscal year.

## ANNUAL UPKEEP OF 501c3

To be tax-exempt under section 501(c)(3) of the Internal Revenue Code, an organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual. In addition, it may not be an action organization (i.e., it may not attempt to influence legislation as a substantial part of its activities, and it may not participate in any campaign activity for or against political candidates).

## PTO AUDIT

The Treasurer's accounts shall be examined annually by an auditing committee of not less than three (3) members appointed by the President(s), who, when satisfied that the Treasurer's annual report is correct, shall sign a statement to that fact at the end of the report. The auditing committee shall be appointed at least two weeks before the final Board meeting.

## **RICHARD MOORE ENDOWMENT ACCOUNT**

The Richard Moore Endowment was established in the late 1990s, to the best of our knowledge. It was funded by several parents in the original amount of Seven Thousand dollars (\$7,000), given in the name of the then current principal, Dr. Richard Moore.

The account is currently invested in an American Balanced Mutual Fund, which is considered to be of moderate risk. The account has done well.

### **INTENT OF ENDOWMENT ACCOUNT**

In Allison's conversations with Cydney Milling in 2022, Cydney indicated that the account was put in place to honor Dr. Moore; but was ultimately intended for use only in case of emergency. To date, the account has never been touched. If the PTO were ever in a position to require access to the funds in the Endowment Account, the original \$7,000 would need to remain in the account. Only the revenue could be accessed at any given time.