**Summary**

Mason Softball Boosters (MSB) had some important deficiencies in their accounting and control procedures during FY 2014. However, no indication of malfeasance was uncovered. Most transactions were accounted for properly. With a very few exceptions, the financial transactions that were entered in the system had adequate support. But changes need to be implemented to provide adequate assurance that financial assets are managed, accounted for, and reported as required by MABA, the IRS and Mason City Schools (MCS).

**Key Recommendations**

1. Update MSB By-Laws to conform to IRS requirements and the realities of current operations, then follow them as published
2. Add sufficient detail to the treasurer’s reports to enable membership to consider and comment on financial activity each meeting
3. Account for all activity (i.e. Preview Day Event) within the books and make all activities subject to recommended tracking and controls.
4. Resolve underreporting of revenues and expenses, make correcting entries, and produce a final report for the year
5. Retain records for fundraisers and programs at sufficient detail to enable reconciliation of income and expense transactions
6. Reconcile the GL to the bank & school statements monthly
7. Follow MCS policies & procedures as they relate to project approvals, the use of accounts, the use of student generated funds, as well as the timing of deposits containing gross revenue
8. Manage credit cards signatories, transition to new officers, and prompt payments.
9. If you are going to provide acknowledgements to donors, do so according to IRS rules with respect to timing and content.
10. File as a Charitable Organization with Ohio
11. Create and retain detailed records of concession inventory purchases and end inventory to enable and do a rough reconciliation to sales.
12. Create and retain a listing of assets

**Organization and Activity Overview**

Mason Softball Boosters is an association under MABA supporting the Mason high school and middle school softball programs with about $36,000 total annual receipts. MSB has its own By-Laws. MSB uses QuickBooks as its financial system. MSB maintains one parent account at WesBanco (~$22,000 in receipts), a softball activity account at Mason schools (~$14,000 in receipts), 2 credit cards with First Bankcard, and, in season, cash in two cash drawers and a small sum is held by the concessions lead.

MSB’s primary sources of revenue are:

1. 1 major donor
2. 2 significant sponsors
3. 7 primary fundraising activities
	1. Softball game concessions
	2. Bowling event - The bowling event was an event in which students and their families solicited their friends and families to come bowl with them. All bowlers paid a fee to bowl, which paid for lane rental, the surplus constituted funds raised for the MSB. No fundraising auctions or games were played except split the pot. Although the students extended invitations, they really had no substantial role in the planning, organizing, and operation of the event.
	3. Preview Day event - The Preview Day Event is a senior project. The students are solely responsible to plan, lead, and run an event. Several teams participate in pre-season competition
	4. Hit-a-thon - The Hit-A-Thon Event is a major fundraiser for MSB. The students solicit pledges & contributions both before and on the date of the event from friends, family, and the public by canvassing neighborhoods. They supply donor acknowledgements to those who request one.
	5. MABA fundraisers – The MABA fundraisers were parent volunteers working in concessions, parking, etc. for football playoff games hosted at Mason
	6. Restaurant revenue sharing - Various restaurants have team nights at which the club can solicit members to dine at the restaurant that night. The members are provided a flyer to present to the cashier. The club gets a percentage of the tab of everyone who presents a flyer to the cashier that night.
	7. Team Posters/Schedules – MSB created a poster containing the team schedule and ads to be placed local businesses. Ads are the source of revenue.

MSB’s primary programs are:

1. Coaching staff support
2. Locker room & sports equipment
3. Facility contribution
4. Morning workout meals
5. Motivational gear
6. Defray a portion of player pack costs
7. Senior Project (same as Preview Day)
8. Tailgate event
9. Senior recognition
10. Meet the team
11. End of year banquet (both middle school and high school)
12. Pancreatic Cancer Association (PAN CAN) donation

MSB’s garment programs are

1. Player packs – The head coach defines the contents of the player packs. MSB orders, collects for, distributes, and pays for player packs. The same player pack was provided to each high school player, no optional items allowed. The same is true for middle school.
2. Coaches’ gear – MSB orders, collects for, distributes, and pays for coaches’ gear.
3. Spirit wear – Individuals purchase spirit packs directly from the vendor. MSB receives a portion of the proceeds from the vendor.

MSB meets monthly, 10 times per year. MSB’s Fiscal year runs from July 1 through June 30.

**Findings**

* By-laws (September 6, 2010) are in place, posted on the web site, and address spending authority, financial reporting, and organization dissolution. However, they are outdated and are not being followed. Under the By-Laws:
	+ “Officer and Booster Club meetings shall be held monthly except for July and August…” But the club had only 9 meetings, missing a June meeting. There is no record of officer meetings.
	+ “All meetings should include a review of the minutes from the previous meetings, a presentation of a current financial report…” There are informative minutes of booster club meetings. All minutes except the first meeting of the year contain a financial report. But there are no minutes of officer meetings.
	+ “Association funds are to be deposited with the Mason City Schools Office of the treasurer in accordance with their procedures, and held in a sub-account for the Mason High School Softball Booster Club under the activity account of the Athletic Booster Council.” Therefore, a parent account is not permitted.
	+ “At any time funds change hands (Ex; from a Booster member to an officer) a two-part receipt will be utilized reflecting signatures of both parties and the agreed upon dollar amount. Receipts are required for ALL transactions.” This is a good cash control technique, but is not being followed.
	+ “Any expenditure(s) will be paid by the Treasurer through the Athletic Departments payment procedures.” MCS does not permit payments using cash and has no provision for payments from a parent account.
	+ “The president of the association shall have the authority to authorize expenditures up to five hundred ($500) from the associations funds with at least two officers being notified. A report of these expenditures shall be given at the next regular meeting.” There were many such transactions and no record that two officers were notified. There is also no evidence in the minutes that these transactions were explicitly reported at the next club meeting.
	+ “…expenditures greater than $500 shall require the signature of another elected officer with all officers being notified. A report of these expenditures shall be given at the next regular meeting.” There were 11 such transactions and no record that a second officer signing off on them or the officer notification being made. There is also no evidence in the minutes that these transactions were explicitly reported at the next club meeting.
	+ “Fund Raising will be required by all softball players and/or families. Participation requirements will be at the discretion of the board of the MHS Softball Booster Club. A monetary donation may be made (amount to be determined by the board) in lieu of participation in a fund raising event.” This suggests player accounts or tracking which is prohibited by IRS regulations, MCS policy, and a letter MSB signed and sent to MABA and the IRS.
	+ The dissolution clause is acceptable.
	+ MSB need an officer inurement clause acceptable by the IRS. The one in MSB articles of association would work. “No part of the net earnings of the Association shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the Purpose hereof.”
	+ MSB’s By-Laws vests authority for spending decisions primarily in the president and, on major expenditures, shared with the board. However, it does not prohibit the president from allowing the membership to vote on them.
	+ Although it does not state it explicitly, the By-Laws imply that the budget must be approved by the club membership.
* Meeting minutes were produced for each meeting, were informative, and showed that Club members authorized the budget and some expenditures. Except for the first meeting, they included a Treasurer’s report summarizing overall financial position.
* Treasurer’s reports were distributed at each meeting except the first one. However, the report as documented in the minutes was not at a level of detail sufficient to allow club members to consider and comment on financial activity nor did it provide sufficient detail to indicate actual activity compared to budget. In most months, the report did not reflect the financial activity as of the meeting date. MSB provided no final report to the club or to me.
* Financial records
	+ Kept in a logical organized fashion facilitating reference.
	+ Recorded at a level of detail to enable management by budget category, although there was no evidence provided that they do so.
	+ GL included Parent account and School account activity as well as balances, but not cash activity.
	+ MSB is on the cash basis of accounting,
		- The T shirts for the Senior Preview event was posted to the GL for $1290.00, but as of 11/5/14 has not been paid to the Comet Zone.
		- A deposit on 5/1/14 containing receipts from spirit wear sales that had already been posted to the GL, was erroneously entered as receipts for the Hit-a-thon, overstating the receipts from that event. A correcting entry needs to be made to reduce Hit-a-thon receipts. No correcting entry is needed for spirit wear sales, it just needs to be flagged as clearing the bank.
	+ GL did not tie out to bank records in three instances implying that reconciliation was not consistently done on a timely basis and anomalies investigated.
	+ The treasurer’s reports balances often did not tie out to the book balance for the bank account or the school account. The bulk of this was a timing issue implying that transactions may not have been entered on a timely basis.
	+ Only 2 outstanding checks as of the June bank statement:
		- Check 1488 to Liann Muff for $20.84 (3/17/14).
		- Check 1505 to Dave B for $122.50 (6/26/14).
* Revenues
	+ Receipts are understated by $113 because of expenditures that were made from cash receipts that were not posted to the GL
	+ The source of the $200 cash drawer seed money was cash from the proceeds of the bowling event.
	+ Concessions receipts are overstated by $200 because there is no entry returning of the cash drawer seed money to cash, although it was deposited in MSB’s parent account.
	+ It is unclear where the $70 for Sheri Rausch concessions petty cash came from or how it was tracked. It probably came from unreported cash receipts from an early concessions. It was deposited on 6/12/14.
	+ No copies of deposited checks were retained in MSB records
	+ No detailed allocation of revenue from MABA fundraisers was kept in MSB records to verify correct payment for volunteer participation. Two were supplied, but they do not tie to the proceeds amounts. Errors are known to have occurred in the past.
	+ Did not always make deposits on a timely basis according to MCS & MABA policy.
	+ Did not adhere to IRS regulations and MCS policy as it relates to reporting and depositing total receipts versus receipts net of expenditure, for the most part
* Concessions
	+ MSB uses Cash Reports to help record and control cash in concessions.
		- The reports tied out to bank deposits.
		- But, they were not completed correctly and signed on a consistent basis. Softball frequently has games rained out, canceled, and rescheduled. As a result, without opponent, date, and team on the form, it is difficult to tie the reports to a game.
		- The ending balance from one Cash Report does not always match the beginning balance of the next.
		- On 2 occasions, total receipts were under $20. This is plausible in the case of a rainout, etc. But no extenuating circumstances were noted on the reports.
		- Check 1494 was payable to the concessions lead to reimburse $547.32 in expenses. Sales receipts for $598.68 were attached. The reason for the $51.36 discrepancy is unclear.
	+ Few deposits were made within the 24-48 hours mandated by MCS and MABA policies.
	+ Two Cash Boxes, each retaining $100 for change were maintained throughout the season. I found an entry recording the movement of funds to them and the asset during the season. I never found an entry returning those funds to the cash account in the GL. I did find a deposit returning the money to the bank.
	+ The Concessions Lead retained $70 in small bills during the season. I found no entry recording the disbursement of the funds to her or the asset while in use. It probably came from unreported cash receipts from an early concessions. It was deposited on 6/12/14.
	+ Some Coke products were purchased at a business establishment contrary rather than through the school’s contract.
	+ Did not find any Drink Order / Receipt forms used to order and receive coke products through the school. MSB stated it was counselled by the athletic department staff that completing and retaining these was not necessary. I have discussed this with the staff, and we agree these should be completed and retained by the clubs.
	+ MSB provided no record indicating that there was an attempt to track inventory, inventory usage, or food costs as a means to detect inventory or cash control issues.
* Fundraisers
	+ Preview Day Event
		- T-shirts for the teams were purchased from Comet Zone. The transaction was entered into the GL 4/2 as a charitable contribution. As of 11/5/14, it has never hit the bank records because it has not been paid. It was not designated as a liability in any MSB records or treasurer’s reports.
		- There was evidence that the students solicited donations and ran auctions or other means to raise money at the event. The MSB treasurer indicated it was related to the Preview event. MSB provided no record that donations were recorded or tracked, revenues were recorded tracked for the event as a whole or its games, cash was controlled, expenses were recorded or tracked, or acknowledgements were provided if requested.
		- No Participation Project potential was submitted for MCS approval as required by MCS policy.
		- The gross revenue from the event was not deposited in the MSB school activity fund as required by MCS policy.
		- Expenses related to the project were not paid from the MSB school activity fund as required by MCS policy.
	+ Hit-A-Thon
		- MSB funded the Wall of Champions from the proceeds of the Hit-A-Thon, although they should not have done so.
		- Hit-A-Thon gift cards were paid for in cash and did not hit the books. MSB did not provide a schedule of the gift card award structure.
		- The gross revenue ($10,093.37) from the event was not deposited in the MSB school activity fund as required by MCS policy.
		- Only $6,951.50 of the net revenue ($9,998.37) was deposited in the MSB school activity fund account. The portion that was deposited was comingled with Player Pack receipts and deposited as concessions receipts.
		- Deposits spanned 3 months.
		- Expenses related to the project ($149.00) were not paid from the MSB school activity fund as required by MCS policy.
		- $95 in expenses were paid from cash revenue and not recorded in the GL
		- No Participation Project potential was submitted for MCS approval as required by MCS policy.
	+ Bowling Event
		- MSB provided no record showing that bowlers were tracked and tied to revenues and lane rental. MSB provided no record of receipts or payouts of split the pot.
		- MSB correctly reported gross receipts as $2140, lane rentals as $550 paid in cash, and cash transferred to the concessions cash drawer as $200. MSB paid $550 in cash for lane rental and has a receipt. .
	+ Poster Sales
		- MSB did not provide schedules of costs or revenues tying out to the deposit. Only the net deposit of $90.
	+ Restaurant profit sharing
		- The Mongolian grill remittance advice was for $18 more than the GL entry and deposit.
* Donors
	+ MSB had 1 significant (>$250) donor and 2 minor ones
* Sponsorships
	+ MSB secured 2 sponsors, companies with ties to MSB parents
	+ MSB created no flyers, extended not offers to the public, or committed to anything in return for their sponsorships.
* Expenditures
	+ Original, detailed sales receipts with proof of payment presented for the vast majority of reimbursement requests.
	+ For the most part, MSB had copies of the invoices paid via the MSB school activity account. This is a good practice enabling MSB to catch MCS errors.
	+ Original, detailed sales receipts with proof of payment were presented for reimbursement for virtually all requests.
	+ There were only 6 instances in which no sales receipt was provided, sales receipt did not match check amount, a credit card receipt was provided with no detail, or copies of receipts were provided instead of originals. However, that number should be zero. MSB stated that the exceptions were authorized by the former president, however, I found no written record of that authorization nor does the By-Laws authorize the president to take such action. “Receipts are required for ALL transactions”
	+ There were 2 credit card charges for QuickBooks, neither of which had a detailed sales receipt.
	+ Expenditures are understated by $113 because of expenditures that were made from cash receipts that were not posted to the GL. Most liabilities paid on a timely basis
	+ Lacked support for Coke purchases.MSB provided no written approval from the Athletic Director for purchases of equipment or Coaches’ attire as mandated by his policy.
* Garment programs
	+ Player packs
		- I was able to tie the player pack schedule to the deposits, but was $75 short.
		- Considering the $20 per player contribution by MSB along with the player contributions per the schedule, there was $1472 expended for player pack over and above the cost to players. This was coaches’ gear. However, MSB provided no records to substantiate that determination.
	+ Coaches’ gear – MSB provided no information about coaches’ gear.
	+ Spirit wear – Individuals purchase spirit packs directly from the vendor. MSB receives a portion of the proceeds from the vendor.
* Programs & Projects
	+ Tailgate
		- Tailgate is more of a school service project than a fundraiser. MSB sold drinks and netted only $35.00
		- MSB stated that drinks were donated by parents.
		- MSB provided no record indicating that there was an attempt to track inventory, inventory usage, or food costs as a means to detect inventory or cash control issues.
		- MSB provided no evidence that a Cash Report was used to manage or report cash transactions.
	+ Winter Coaches Clinic
		- MSB agreed to help the coach out of a cash flow problem by purchasing T-shirts for her clinic, to be repaid from the proceeds. Attendance was not large enough for MSB to recoup the cost.
		- MSB provided no record indicating that there was an attempt to track inventory or inventory usage as a means to detect inventory or cash control issues.
		- The excess inventory is imprinted with the camp date so it is obsolete. It was retained by the MSB treasurer. MSB plans to give it to coach Muff as a “hand-out” at one of her MYO events.
		- The coach provided MSB no reconciliation of income to participants.
* Contributions to other Charities
	+ MABA Christmas gift card donation. The club itself did not contribute to the MABA Christmas gift card project. It did ask members to make direct contributions MABA for the project, but donations were not run through MSB. However, an entry was made in the GL for a $200 donation directly from MSB. The check was voided, but the expenditure remains on the books. A correcting entry should be made.
	+ Although MSB made a $4,000 contribution to the Pancreatic Cancer Association , it does not have a W-9 or determination letter on file from PAN CAN indicating that they are a 501 (c) (3).
* Debit Cards
	+ MSB does not have any debit cards.
* Credit Cards
	+ MSB has 2 credit cards from First Bankcard through WesBanco. One is in Serena Phillips’ name although she is no longer with the club. MSB has initiated the process of cancelling those cards and securing others.
	+ Statements are sent to one of the card holders.
	+ First Bankcard does not provide statements in periods in which no activity occurs, making it difficult to determine know if a statement is missing.
	+ Accrued at least $54.79 in late fees and penalties, many of which were subsequently waived.
	+ Sales receipts from late April totaling $115.12 on card ending in 0619 were in the front pouch of the binder. There was no statement containing them and no entry in the GL of payment.
	+ I saw no record of payment of statements for Sales Receipts incurred in May or June. MSB does not post credit card transactions to the GL until payment is made.
	+ There was no December statement for 0619 in which a $50 charge was incurred and there was no sales receipt.
	+ Recorded the refund of penalties and interest as miscellaneous income to the GL, but I did not see the statement containing the original charge, where it hit the books, or to what account it was posted.
	+ MSB had no sales receipts or no detailed sales receipts for some charges.
* Asset Management
	+ Gift cards – I am aware of MSB having only 1 gift card carried over form a prior administration. I was told it was found in the folder. It was not recorded as a receipt. There was no record of it or balance remaining on it. The amount of the purchase using the card was not recorded as an expenditure. As a result, both receipts and expenditures were understated, however, the amount is not material.
	+ MSB has purchased several pieces of concessions equipment, some of which was purchased during the year (hot dog griller). MSB does not keep an inventory of concessions or other assets it has purchased.
	+ If concessions inventory was sold in its entirety at the end of the season, there is no record of it. If the inventory was retained, no listing of the inventory was provided.
	+ Excess T-shirts from the coaching clinic were retained by the treasurer, but no inventory of t-shirts was provided.
	+ Although MSB has made a significant investment in concessions equipment, no listing was provided.
	+ Check stock management
		- Checks were written in numerical sequence.
		- Voided checks are retained in club records along with support for expenditures.
		- There were no missing check numbers.
* Compliance
	+ IRS
		- MSB received a donation of $1200 on December 18, 2013. For donations over $250, if the donor requests an acknowledgment or if MSB initiates the acknowledgement as a service to the donor, it should be sent by January 31 and state that no goods or services were provided in exchange for the donation. Although MSB stated that the donor did not request an acknowledgement, an acknowledgement of donation was sent to the donor on March 25 (late) but if failed to state that ‘no goods or services were received in exchange for their donation”. Donor acknowledgements were given to donors for the Hit-A-Thon. These do not contain the verbiage that “No goods or services were provided in exchange for your contribution.”
		- MSB filed a 990-N with the IRS on 3/17/14 as required.
		- MSB has retained 3 years of archived financial records and supporting documents in sufficient detail as required by the IRS.
	+ Ohio
		- MSB has not registered with the state of Ohio attorney general as a Charitable Organization or filed a return for last year.
	+ MCS
		- MSB filed a budget purpose with MCS as required.
		- MSB did not always comply with the requirement to deposit funds within 24 to 48 hours of receipt as required under MCS and MABA policy.
		- MSB did not always comply with the requirement to deposit all student generated funds into the school’s softball activity account.
		- MSB did not denote the actual source of funds being deposited in school’s softball activity account.
		- MSB did not secure the necessary approvals for fundraising projects as required by MCS policy.
		- MSB did not have a copy of the Expenditure / Receipts guidelines to compliance with MCS and Ohio rules with respect to student generated funds and school accounts.
* MSB sent out a blanket email to the members providing them a way to contact me confidentially if they had any complaints or concerns about the financial conduct of MSB. To date, I have received none from the membership.

**Work Completed**

**Project Initiation**

I reviewed the club’s completed audit questionnaire and used that information to guide the work. I received confirmation that an email was sent to the club membership providing them a means to contact me with any concerns via email or phone. I received no emailed or phoned concerns.

**Management Review**

As part of the management review, I evaluated governance practices to find assurance that sound practices are being followed with respect to controls outside the accounting system, adhering to MSB By-Laws, MCS policies, and adhering to IRS regulations.

**Financial Records Review**

I conducted an audit of the financial records. I evaluated the support for each financial transaction and that the financial system and reporting fairly reflected all financial activity and comports to the records of pertinent external entities. I reviewed all transactions. Specific activities included:

* Reviewed minutes for budget and expenditure authorization and to identify club initiatives.
* Reviewed the transactions in the MSB books in QuickBooks to verify the timeliness and completeness with which transactions were recorded.
* Reconciled the bank statements to the MSB books.
* Reconciled the MSB school activity account to the MSB books.
* Reconciled MSB books with treasurer reports to ascertain timeliness, accuracy and completeness.
* Expenditures
	+ Reviewed the supporting documents for all expenditures (checks & cash) to determine that proper support was presented and retained in MSB records and that the expenditure was properly authorized for a valid purpose.
	+ Contacted the Comet Zone, a vendor with which the club had a significant business volume to determine liabilities that remain outstanding.
	+ Reviewed purchases of apparel and equipment to verify that they were received and employed for an approved use and user. (Player packs, coaches gear.)
	+ Reviewed expenditures to determine if they were made from the correct account and appropriate MCS approvals as stipulated in MCS policy.
* Receipts
	+ Reviewed the support documents for receipts to determine that proper support was retained in MSB records to properly account for the receipt.
	+ Reviewed receipts and deposits to determine that all receipts were deposited, and deposited per policy.
	+ Reviewed receipts to determine if they were deposited in the correct account in a timely manner as stipulated in MCS policy.
* Assets
	+ Requested asset inventory schedules for non-cash assets. There were none.
	+ Reviewed cash control practices. I found forms, but no written policy or procedure.
	+ Reviewed management and control of check stock
* Fundraisers
	+ Looked for detailed records of the following events, none was provided
		- Bowling event
		- Preview Day event
		- Hit-a-thon
		- MABA fundraisers
		- Team Posters/Schedules
	+ Restaurants sharing events – tied remittance advices to the deposits
	+ Softball game concessions
		- Review Cash reports for completeness
		- Tied Cash reports to deposits
		- Tried to tie Cash reports to game schedules but was could not
* Controls Review. Review and evaluate the efficacy of:
	+ Reporting to the club to ascertain if it was informative, accurate and timely.
	+ Cash controls for concessions and player packs.
	+ Requested a concessions inventory reconciliation.
	+ Reconciled player pack income versus expense identifying discrepancies.
	+ Expenditure process: approval, payment source decisions, and reporting.
	+ Receipt process: receipt, deposit, classification with respect to player generated funds, and reporting.
* Committee review
	+ No committees were identified as having financial activity in need of review.

**Recommendations**

I noted discrepancies and observations in the working papers. Significant changes are needed to provide the appropriate level of financial reporting and controls.

**Key Recommendations**

* Update MSB By-Laws to conform to IRS requirements and the realities of current operations, then follow them as published
* Add sufficient detail to the treasurer’s reports to enable membership to consider and comment on financial activity each meeting
* Account for all activity (i.e. Preview Day Event) within the books and make all activities subject to recommended tracking and controls.
* Resolve underreporting of revenues and expenses, make correcting entries, and produce a final report for the year
* Retain records for fundraisers and programs at sufficient detail to enable reconciliation of income and expense transactions
* Reconcile the GL to the bank & school statements monthly
* Follow MCS policies & procedures as they relate to project approvals, the use of accounts, the use of student generated funds, as well as the timing of deposits containing gross revenue
* Manage credit card signatories, transition to new officers, and prompt payments.
* If you are going to provide acknowledgements to donors, do so according to IRS rules with respect to timing and content.
* File as a Charitable Organization with Ohio
* Create and retain detailed records of concession inventory purchases and end inventory to enable a rough reconciliation to sales.
* Create and retain a listing of assets

**Detailed Recommendations**

1. Follow your By-Laws or amend them to comport with the way the club wants to conduct its business. Amend club By-Laws to comport to IRS rules with respect to player accounts.
2. If you have officer meetings in which budgets, purchased, or other financial transactions or commitments are made, create and publish minutes of those meetings. If approvals are made via email or other vehicle, include those emails in the treasure’s supporting documents.
3. Maintain complete, timely, and accurate financial records for the club. To meet that criteria, the financial records would be up-to-date and include activity of all accounts (parent(s) and school) as well as cash (& gift card) and credit card transactions. They would include balances of all accounts (parent(s) and school) as well as funds kept outside the school or bank account be that for petty cash, making change, or any reason whatsoever. The records tracking actual transaction activity by budget category. The records would be reconciled to cash reports, detailed receipts schedules, expenditure supporting documents, bank statements, and school FINDETs prior to reporting but no less frequently than monthly.
4. Treasurers should report up-to-date financial activity, status, and performance to budget at every club meeting, but at least monthly to the club membership, even if no activity has occurred. This report is to be inclusive of all accounts (parent and school) as well as cash (& gift card) and credit card transactions and include transaction level detail for complete disclosure of financial activity to the membership. Each treasurer’s report should be approved by the membership and retained in club records as part of the minutes for that meeting. This cannot be accomplished unless financial records reflect all current activity as of the report date.
5. The procedure to approve budgets and authorize expenditures should be explicitly stated in the club’s or MABA’s bylaws or policies. If budget approval and expenditure authorization is not specified in these documents, they should be approved at the first meeting of the year and included in the meeting’s minutes. Meeting minutes should contain explicit approvals of subsequent transactions in accordance to the specified procedure.
6. Resolve the issues in the GL as noted elsewhere in this report.
	1. Hit-A-Thon expenses paid from cash revenue of $95
	2. Identify the reason that the Mongolian grill remittance advice was for $18 more than the GL entry and deposit. Either there was an $18 expense in which case revenue and expense were understated, or there is another issue.
	3. Make a correcting entry to offset the erroneous $200 charitable contribution in the GL
7. Going forward, obtain and keep records of the revenue allocation among clubs for MABA fundraiser events. Errors have occurred in the past.
8. Going forward, treat the Hit-A-Thon and the Preview Day as MSB fundraisers raising student generated funds. Apply all the tracking and controls needed for a fundraiser, get the necessary approvals beforehand from the school, deposit the gross revenue in the school account, and pay the expense from the school account. On the Project Potential form submitted for approval for the Preview day, be sure to note that the intent is to donate the proceeds to a specific charity if that is the case. MSB should set a more reasonable time period within which donations must be received and retain that communication to the players in their records. MSB should require the players to turn in their receipts each week until all receipts are in. MSB should create and retain a master copy of Hit-A-Thon pledges to track status of collections.
9. Going forward, track the gross income and expensed from the schedule poster fundraiser. There should be a schedule of sponsors that ties to revenue, and printing expense with invoices.
10. Except for the circumstance described in the concessions paragraph, all income should be deposited in your parent or school account within 24 – 48 hours per MABA and MCS policy. Do not net receipts and expenditures and deposit the net income. Gross receipts should be reported to your club and the IRS as should each expenditure.
11. Cash control from withdrawal to deposit is very important. The check to withdraw cash (for a cash drawer, etc.) should be made payable to the person getting the cash, not made out to “Cash”. Each time the cash for the cash drawer changes hands, both parties should count the cash and sign a form to be retained in club records that designates agreement on the amount being transferred. Two unrelated people should count the proceeds from the event and sign a form to be retained in club records that designates the amount to be deposited and the amount to remain in the cash drawer. Cash control procedure should include:
	1. A means to designate a way to tie it to an event. Normally this would include club, team (i.e. varsity), opponent, date of event, event description for special events.
	2. Two unrelated people count the cash and sign the cash report
	3. One person makes deposit, another gives cash report to treasurer
	4. Deposit done the same day as event
	5. Treasurer records both total receipts and receipts paid in cash for inventory using info from the cash report. At least weekly. Contemporaneously.
	6. Treasurer reconciles cash reports to game schedule.
	7. Treasurer reconciles cash reports to deposits on bank statements.
	8. Treasurer tracks net amount “in” cash drawer & when returned

If your club has a procedure and form that implements these components, use it consistently. If your club does not have them, MABA has forms, Concessions Cash Report & Cash Report with Shifts & Multiple Products, (in Excel) that incorporate the control procedures.

1. Deposit all student generated funds in the club’s school activity account within the time frame mandated by statute and MCS policy. Tangible definitions of student generated funds and MCS deposit policies with respect deposits for various types of fundraisers are included in the Expenditure – Receipt – Deposit guidelines. (MABA can provide a current copy of these guidelines). If there is a question, consult with the MCS treasurer.
2. Specify the source and contents of each deposit and retain an image of checks if you do not have a remittance advice. WesBanco will copy the checks in a deposit at no charge if you include a request to that effect with our deposit. MCS requires a specific form to accompany deposits. It is called the Pay-in Receipt form. MABA can provide an Excel spreadsheet containing the form with instructions.
* Acknowledgements should be provided to donors according to IRS rules. Most cash contributions less than $250. These contributions must designate your club name, the amount, date, and the verbiage “No goods or services were provided in exchange for your contribution.” MABA has a tool in Excel that uses the IRS rules for cash contributions in excess of $250, contributions of products or services, and those for which the donor receives goods or services in exchange for the contribution. If an acknowledgement is sent out, no matter if it was requested by the donor, it should conform to IRS regulations.
1. Source documents (brochures stating sponsorship pricing, web site sign up offers and sign up records, completed bid sheets, , etc.) are needed to support income from various fundraisers.
2. Gift cards are cash, often donated. They should be recorded as receipts and their use recorded as expenditures in the general ledger. The receipt requires a record of the donor and the expenditures requires a sale receipts as support for the expenditures.
3. Maintain a schedule of player pack, coaches’ gear, spirit wear, t-shirts, etc. purchases that can be reconciled to orders, person, roster, payment, and deposit. Consider having the lead or committee chair reconcile them to before presenting it to the treasurer for approval. Ultimately, the reconciliation is the treasurer’s responsibility.
4. Pay the liabilities that were outstanding at the end of the fiscal year.
	1. $51.36 to Sheri Rausch
	2. $1290 to the Comet Zone
5. Only 3rd party invoices or original sales receipts containing the transaction date and items purchased are acceptable as support for reimbursements. If the member wants a receipt for their records, they can make a copy and retain the copy for their records, the club should retain the original for its records.
6. Copy invoices that will be paid from the MSB school activity account before giving them to the school for payment. Retain the copies in MSB records enabling timely reconciliation with the FINDET report and error detection.
7. Virtually all expenditures should be made by check, credit card, or debit card. The only exceptions are donated gift cards and certain instances in concessions. When the purchase of pizza or other concession’s food or supplies are needed at the event, payment can be made out of the till as long as the club provides a method to record each transaction, each transaction is documented, receipts are attached, the till is reconciled, and the signed reconciliation is included in club records. The total receipts should be reported to your club and the IRS as should each expenditure. Consult with MABA to see if they have an approved concessions reconciliation form you can use.
8. Contributions can be made only to 501 (3) organizations. If you make a contribution to an organization secure a W-9 or copy their determination letter from them first and keep it in your files.
9. Cancel the existing credit cards that remain in a prior member’s name.
10. Restrict the use of student generated funds to the payment of expenditures for the student’s benefit per statute and MCS policy. The Expenditure - Receipt - Deposit guidelines should be followed to guide decisions about what can or must be deposited in the school account, what type of expenditures can be made from the school account, and what expenditures must be pre-approved by the Athletic Director. If there is a question, consult with the MCS treasurer.
11. Requests from coaches for uniforms, equipment, or facility improvements and the club’s plans to purchase gear for coaches must conform to MCS athletic department policy. According to Scott Stemple, the MCS AD, the policy is for coaches to seek his approval before any such items can be included in the budget or, if not in the budget, approved for purchase by the club. The club will receive confirmation from Scott in the form of an email, at which time the club can consider if it wants to approve the budget line item or expenditure according to its procedures. The email should be retained in the club’s financial records.
12. Use the MABA Drink Order – Receipt form in Excel to order Coke products through the school and to record their receipts. This form will calculate the current prices and calculate promotions offered the school under the annual contract allow you to order your drinks through the school via an email to Cathy Crotty provide a record of receipts, serve as support of the expenditure in your records, and calculate the amount of rebate you can expect from the athletic department next year. It’s use will help simplify order entry, improve accuracy, and provide support in club records. Cathy Crotty will have current form and procedure.
13. Going forward, purchase all soft drinks only from Coke under the school contract. Unopened cases can be returned. Broken cases can be sold to other booster clubs. Soccer runs event in July in which they sell concessions.
14. The purchase of items in bulk that can be perceived by a third party as being purchased under the auspices of the club (i.e. parent’s buy replica jersey’s) should be purchased by the club and the club should manage the receipt of payment from the individual. These transactions should not by handled outside the club by an individual member.
15. Merchandise inventory control. Determine if the actual revenue the club got from merchandise (concessions, spirit wear, programs, tailgate, etc.) sales is reasonable considering how much inventory the club used. MABA may have forms and procedures for the club to use to accomplish this. If they do not, the club could do it by
16. Recording the quantity of each item purchased for sale.
17. Counting the quantity of each item left over after the season. (Before any liquidation sale of inventory to recover costs.)
18. Subtracting b. from a. to get the amount of each item sold.
19. Multiplying the amount of each item sold by its sale price. Sum the results from each item to get the ideal total sales $ amount.
20. Comparing d. to the total amount of revenue the club actually received. They should be equal. If they are not the club lost inventory or the club lost cash. The closer the two comes to being equal the better job the club did of managing the inventory and the cash.
21. Record the disposition of the residual inventory left over at the end of the season.
22. Keep this reconciliation in club records.
23. Assets tracking and control. Track assets purchased by the club. At minimum, maintain a record assets’ description, date of purchase, cost, location, disposition, and disposition date. In general, Mason City Schools does not want sports equipment purchased by boosters used and stored in school facilities. If it is on school property, it should have a school asset tag on it. Share your inventory of such assets with the athletic department to verify the school’s position of the club’s specific assets.
24. In order to comply with state and federal requirements and with MABA membership under its bylaws, on or before November 15th, the club need to:
	1. File a charity informational return with the state of Ohio. Go to [www.ohioattorneygeneral.gov/Business/Services-for-Charities/Charitable-Registration](http://www.ohioattorneygeneral.gov/Business/Services-for-Charities/Charitable-Registration) to file that return. You will need your EIN, your bank account information, an image of your club’s articles of association, an image of MABA’s determination letter, and an image of MABA’s group exemption determination letter. Print a copy of the filing confirmation for your records.
25. The detailed record retention is period is 3 years after filing. So currently you should have 2014, 2013, 2012, & 2011 in your records.
26. Facilitate complete, effective annual transitions of club officers. Create a Club Resource Binder as the primary repository of institutional knowledge to provide a reference and a guide for subsequent boards and officers. Any forms included in this binder are envisioned to serve as samples to inform officers of what is required or available to them. The actual forms that are completed for each year would be in the club’s records for the respective each years. Suggested contents include:
	1. Club formation documents:
		1. Employer Identification Number (EIN) notification from the IRS – Identifies your club to the IRS and Ohio and contains your official name
		2. Articles of Association – filed with the IRS by MABA to allow you to become a non-profit organization. Restricts what you can fund, payments to members, and distribution of assets upon dissolution.
		3. President’s letter requesting membership to MABA – Sent to MABA so you could become a member club of MABA and qualify as a non-profit as part of MABA’s group
		4. Inurement letter sent to IRS via MABA (asserting no player accounts) – Sent to IRS with application for not-profit status as part of MABA’s group.
		5. IRS group determination letter – IRS’s notification that you were determined to be non-profit as part of MABA’s group.
		6. Ohio Charity Registration – Completed on Ohio’s website to register as a charity in Ohio.
	2. Club management documents (if you have any):
		1. Club By-laws
		2. Club Policies
			1. Concessions Receipt Reporting
			2. Cash Control
			3. Sale Tax Payment
			4. Etc.
		3. Club form examples
			1. Donor acknowledgements used in prior years
	3. MABA Management documents
		1. MABA By-laws
		2. MABA Policies
			1. Conflict of Interest - Annual affirmation to MABA that club officers understand and agree to follow the policy
			2. Player Inurement - Annual affirmation to MABA that club officers understand and agree to follow the policy
			3. – How to complete your annual submission to MCS of the budgeted revenue and expenses for the club’s school account.
			4. – How to request approval as required for each sales project that will be funded from / revenue to the club’s school account and report the results of the project. (Sales project = have inventory)
			5. – How to request approval as required for each non-sales project that will be funded from / revenue to the club’s school account and report the results of the project.
			6. – What you need to do to purchase items using funds from your school account, and how to do it.
			7. – Outlines the school policy for depositing funds and the documentation that must accompany each deposit.
			8. – Provides examples of reports you would need from the school to manage your school account and how to get them emailed to you.
			9. None
			10. – Defines how MABA fundraiser proceeds are allocated to participating clubs.
		3. Reporting Matrix – Shows the due dates for each report or filing, the funds to include or exclude from each, and who should receive each one.
		4. Expenditure / Receipt / Deposit guidelines – Delineates what receipts must be deposited in your club’s school account, what expenses must be paid from your club’s school account and those that cannot be paid from that account, and the MABA and school policies for deposits.
	4. Reference documents
		1. Sourcing information
			1. Vendors, contacts, numbers and prices etc
			2. School negotiated prices
				1. LaRosa’s
				2. Chick-Fil-A
				3. Westshore Pizza
				4. Wendy’s
	5. Inventory of forms & tools available in either Excel or MS-Word from MABA and define their purpose:
		1. Activity Budget / Purpose form – helps you complete the form correctly and submit it to the school via email at the beginning of each year.
		2. Cash Receipts Report forms – provides a vehicle to record, control, & report cash received from concessions, spirit wear sales, program sales, etc. They requests dual counting of beginning and ending cash, signatures, expenditures of cash from the till, and gross receipts reporting. There are different versions supporting events with different characteristics: single shift concessions, multi-shift concessions, and multi-product events.
		3. Conflict of Interest form – Allows you to print the current year’s form so your officers can sign and submit them to MABA each year as required.
		4. Donor Acknowledgement – helps you know when the IRS requires you to provide an acknowledgement for a donation and helps you create one that conforms to IRS specifications.
		5. Drink Order – Receipt form – helps you complete the form correctly and submit it via email. It contains current prices and product offerings. It also provides a place to record the receipt of the items ordered.
		6. Expenditure / Receipt / Deposit guidelines – See e. iv. above
		7. Expenditure Report / Reimbursement Request form – provides a vehicle to place all necessary support information for expenditures into the club’s financial records. Club members can report expenditures for one or more budget categories irrespective of the method of payment. It provides a vehicle to request reimbursement if paid for personally and to designate the check used reimburse the member. Finally it provides a vehicle to which sales receipts or other support can be attached.
		8. Invoice - Generic template - helps you create a professional-looking invoice to bill an individual, company, or another booster club.
		9. Pay in Receipt form – helps you create the documentation you must include in each deposit in your school account and I recommend that you use for parent account deposits as well.
		10. Participation Project Potential / Summary form – helps you complete the form correctly and submit it via email to the school for approval before committing to the project and to report the results at completion.
		11. Player Inurement form (annual) – Allows you to print the current year’s form so your officers can sign and submit them to MABA each year.
		12. Purchase Requisition – helps you reserve funds in your school account as required before you can commit to make a purchase by providing a tool that completes the form correctly and allows you to submit it via email.
		13. Reporting Matrix - See e. iii. above
		14. Sales Project Potential / Summary form – helps you complete the form correctly and submit it via email to the school for approval before committing to the project and to report the results at completion.
		15. Sales Tax Exemption form – helps you complete the form correctly so you can provide a printed copy to your vendors so you do not have to pay sales tax on club purchases of non-food items using your parent account funds.
	6. IRS & Ohio documents
		1. Sample donor acknowledgement
		2. Prior 990 informational returns (Filing required annually in order to keep your non-profit status. MABA bylaws say you must retain non-profit status to be a member of MABA. So even if you do not have a parent account, you must file a return annually to remain in good standing with MABA.)
		3. Prior Ohio Charity informational returns (Filing required annually in order to keep your non-profit status. MABA bylaws say you must retain non-profit status to be a member of MABA. So even if you do not have a parent account, you must file a return annually to remain in good standing with MABA.)