COOPERATIVE ORGANIZATIONS

THE SCHOOL DISTRICT OF LEE COUNTY
<table>
<thead>
<tr>
<th>Section</th>
<th>Page Number</th>
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</thead>
<tbody>
<tr>
<td>Guidelines</td>
<td>1 - 3</td>
</tr>
<tr>
<td>Annual Checklist</td>
<td>4</td>
</tr>
<tr>
<td>Forms and Instructions</td>
<td>5 - 9</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>10 - 12</td>
</tr>
<tr>
<td>(Non Authoritative/Best Practices)</td>
<td></td>
</tr>
<tr>
<td>Preparing for an Audit</td>
<td>13 - 17</td>
</tr>
<tr>
<td>(Non Authoritative/Best Practices)</td>
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</tbody>
</table>

This Cooperative Organization Guidelines Manual along with any of the forms can be accessed through any internet connection by typing the following address https://www.leeschools.net/our_district/departments/business_services/internal_audit/cooperative_organizations/
COOPERATIVE ORGANIZATIONS

GUIDELINES

THE SCHOOL DISTRICT OF LEE COUNTY
Cooperative Organizations are organizations such as Parent Teacher Organizations, Band Boosters, Athletic Boosters, and Foundations. They are formed for the purpose of promoting the welfare of a school and its students. Cooperative Organizations can record their receipts and disbursements within Internal Funds or they can operate outside of the Internal Funds. Cooperative Organizations operating outside of the internal funds are required to meet all obligations of Direct Support Organizations as defined in Florida Statute.

The District recognizes and appreciates the service and assistance provided by these organizations. Cooperation between schools, the District, and Cooperative Organizations is encouraged.

**COOPERATIVE ORGANIZATIONS OPERATING WITHIN THE INTERNAL FUNDS**
Cooperative Organizations operating within the Internal Funds are required to follow all Policy and Procedures of the Internal Funds Manual as well as the Policy and Procedures of the School District. Receipts and Disbursements are to be recorded in Trust Accounts within the Internal Funds of the school.

**COOPERATIVE ORGANIZATIONS OPERATING OUTSIDE OF THE INTERNAL FUNDS**
Cooperative Organizations operating outside of the Internal Funds are required to follow the guidelines outlined in this manual.

Internal Funds are defined as all monies collected and disbursed by school personnel within a school, for the benefit of the school, or a school-sponsored activity. Funds relating to all school-sponsored functions or activities are to be accounted for within Internal Funds. School-sponsored activities are activities in which only school board employees are involved in the organizing of the event or handling of money for the event. Cooperative Organization activities should be conducted in such a way that they are clearly distinguished from school-sponsored functions.

1) Principals of schools with Cooperative Organizations shall have on file, for each organization, copies of:
   - Bylaws
   - Corporate Charter
   - Internal Revenue Tax Exemption Status Determination Letter
   - Florida Non Profit Corporation status
   - Cooperative Organization Annual Report form, MIS 678
   - Annual IRS 990 Information Tax Return
   - State of Florida Annual Report
   - Facilities Use Agreement
   - Annual Certificate of Liability Insurance
   - Current list of board officers

2) Cooperative Organizations must maintain a separate bank account and a single set of accounting records.
   - An auditable accounting system is required.
• Only corporations registered with the State of Florida should be used by the organization.
• All payments to individuals or unincorporated vendors must follow the guidelines for IRS 1099 forms.
• May only use or apply for “debit” cards with the current principal’s approval.
• Require two (2) signatures for all disbursements over $1,000.
• Bank reconciliations need to be balanced on a monthly basis.

3) A Cooperative Organization must submit its tentative goals and objectives along with its fund-raising plans for the next school year to the principal for approval.
• All board officers need to be approved at an annual Lee County School Board action meeting.
• Any changes to the tentative plan during the school year need to be approved by the principal before final revisions are made.
• All activities of the organization must be approved by the principal on the prescribed MIS 582 form.
• All activities must be conducted independent from school sponsored activities.
• All programs, flyers, or other promotional material must reflect the organizations name. These items are allowed to be taken home by students.
• The following type of fund-raisers are prohibited:
  1. Raffles and other activities of chance are prohibited on District-owned property. Students and employees of the School Board may not sell tickets or otherwise be involved in any game of chance when a winner is selected at random and the prize given is more valuable than the price paid for the ticket.
  2. The Principal shall not approve any fundraising activity that would cause alcohol to be present on the grounds of a school campus or at a school activity.
  3. Students shall not be involved in any fundraising activity in which they stand at an intersection or beside a roadway collecting donations or selling items.
  4. Fund-raising activities for which students are charged an admission shall only be presented after school hours.
  5. The sale of competitive food or beverages on school premises shall be prohibited except as provided herein. Competitive foods are those sold in competition with the National School Lunch Program and the National School Breakfast Program to students on school premises.

4) Donations made to the school from Cooperative Organizations should have a specific purpose. The purpose must be in writing and on file at the school as well as part of the organization’s records.
• Cooperative Organization donations to other non-profit organizations are not allowed unless money was specifically collected for a specific purpose.
• Donations received by the organization over $250.00 should be acknowledged in writing.

5) Cooperative Organizations should be holding member meetings on a regular basis.
• Officers must be elected annually.
• A treasurer’s report should be communicated to members and the school principal upon request.
An annual report MIS 678 Cooperative Organization Annual Report Form must be completed on an annual basis and is due no later than three (3) months after the close of the organizations fiscal year.

A list of board officers will need to be submitted to the principal in writing at the beginning of each school year.

Any organization with $100,000.00 or more in cash disbursements must provide for an annual audit of its accounts and records. This audit must be conducted by a certified public accountant in accordance with state statutes.

6) All Cooperative Organizations must obtain liability insurance clearly identifying the School District of Lee County as the additional insured, with minimum limits of liability insurance of $200,000 for any one person and $300,000 for any one occurrence. The district’s recommendation for an insurance company would be AIM Insurance. AIM Insurance The actual application form can be found in the “Forms and Instructions section of this manual

The school district does not provide insurance coverage for Cooperative Organizations. If a claim is filed against an organization, the organizations liability insurance will be the only source of coverage.

The annual cost of an insurance policy as mentioned above should be approximately $175.00 per year.

7) All Cooperative Organizations must complete a MIS 350 Facility Rental Agreement form when using the school district’s property for activities, fund-raisers, or meetings. In some cases an annual Facility Rental Agreement can be used instead of a per activity agreement.

Facility Rental Agreements will require a Hold Harmless Agreement MIS 466 as well as proof of liability insurance clearly identifying the School District of Lee County as the additional insured.

Forms are available at https://www.leeschools.net/our_district/departments/operations/construction/facility_rentals/

Cooperative Organizations can submit a Request for Waiver of Rental Fees. This would require the Superintendent or designee to waive the fee.

8) The principal of the school is able to revoke the organization’s ability to fundraise in the name of the school.

- The principal reserves the right to request an audit of the Cooperative Organization’s records at his/her discretion.
- Upon dissolution of the organization, the organization will be required to turn over all funds and accounting records, including but not limited to paid and unpaid invoices, deposit slips, and meeting minutes, to the school principal immediately.
Cooperative Organization Annual Checklist

Official Name of the Organization__________________________________________________

Federal Tax Identification Number__________________________________________________

Please list all officers of your organization and their title for the current school year.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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</table>

The following items are to be submitted to the Principal by September 30th of the current school year.

Date Submitted

Internal Revenue Service Form 990 Tax Return
(Using the previous fiscal year information the IRS needs this information in order for the organization to maintain their IRS tax exempt status.) Form 990 Instructions  IRS Form 990

Cooperative Organization Annual Report Form MIS 678
(Using the previous fiscal year information the Internal Audit Dept. requires this information as a summary of the previous year’s activity.)
https://learn.leeschools.net/dept/RMPC/bookkeepers/docs/MIS678.pdf

State of Florida Annual Report
(Using the current year information the State of Florida Annual Report is due by May 1st of each year and only asks for current officer’s names and titles, entity’s current address, and registered agent.) State of Florida Division of Corporations

Current Year Facility Use Agreement
(Using the current year information one agreement per organization, per year will need to be filed with the Facilities Department.)
https://www.leeschools.net/our_district/departments/operations/construction/facility_rentals/

Annual Certificate of Liability Insurance
(For the Current School Year a general liability insurance policy naming the School Board of Lee County as additional insured will need to be purchased to be in compliance with the Facility Use Agreement.) AIM Insurance
COOPERATIVE ORGANIZATIONS
FORMS AND INSTRUCTIONS

THE SCHOOL BOARD
OF LEE COUNTY

THE SCHOOL DISTRICT
OF LEE COUNTY
MIS 582 Approval for Fund-Raiser Form
This form is required for all fund-raising activities. This form indicates the type of fund-raising activity, when the activity will be held, and what the profit from the activity will be used for. The Principal of the school is required to sign all MIS 582 forms before the start of all fund-raisers. The signed copy should be kept on file with the organizations current year files. The actual form can be found at:
https://learn.leeschools.net/dept/RMPC/bookkeepers/docs/MIS582.pdf
on the School District of Lee County’s Internal Audit Department’s web page.

MIS 678 Cooperative Organization Annual Report Form
This form is required to be completed by the organization on an annual basis. This form summarizes the organizations activities for the year and reports annual receipts and annual disbursements. The form must be turned into the school’s Principal by September 30th of each year. The Principal will need to have this form on file at the school as part of the organizations records. The actual form can be found at
https://learn.leeschools.net/dept/RMPC/bookkeepers/docs/MIS678.pdf
on the School District of Lee County’s Internal Audit Department’s web page.

MIS 350 Facility Rental Agreement
This form is required to be completed by all Cooperative Organizations that use the district’s facilities. In many cases such as sports boosters the rental agreement can cover several months at a time. This form does refer to attaching a certificate of insurance. Proof of insurance and how to obtain insurance was discussed in the guidelines section point number seven (7). In addition although this form refers to hours of use and fee per hour the cooperative organization can also request a waiver of rental fees. The actual form can be filled out and printed by using the link below.
https://www.leeschools.net/our_district/departments/operations/construction/facility_rentals/

MIS 466 Hold Harmless Agreement
This form is required to be completed by all Cooperative Organizations that use the district’s facilities. It is to be used in conjunction with the Facility Rental Agreement form. In many cases such as sports boosters the hold harmless agreement can cover several months at a time. The actual form is on page two (2) of the Facility Rental Agreement and can be filled out and printed by using the link above.

Request for Waiver of Rental Fees
According to School Board Policy 9.05, Use of Facilities, The Superintendent or designee is authorized to waive the fee when an organization using the facility will provide some benefit to the School District through or as a result of the activity conducted during use of the facility. The actual form can be filled out and printed by using the link below.

Request for Waiver of Rental Fees.pdf
Instructions to File For and Become a Florida Not For Profit Corporation

All Cooperative Organizations must register to become a Florida Not For Profit Corporation and they must maintain an active status by filing an annual report with the state of Florida. To register to become a Florida Not For Profit Corporation, articles of incorporation will need to be written and filed with the state of Florida. These articles of incorporation must be kept on file with the organizations permanent file as well as on file with the Principal of the school. Instructions for preparing and for filing Not for Profit Articles of Incorporation can be found at Instructions for Florida Not for Profit Articles of Incorporation These instructions can also be found on The School District of Lee County’s Internal Audit Department’s web page.

Step by Step Filing Instructions for State of Florida Annual Report

All Cooperative Organizations will need to stay active with the State of Florida by filing an annual report. The annual report will need to be kept on file with the organizations current year files and with the Principal of the school. An Annual Report overview and step by step filing instructions can be found at State of Florida Division of Corporations. The instructions can also be found on The School District of Lee County’s Internal Audit Department’s web page.

Instructions and Form to Apply for Florida Sales Tax Certificate of Exemption

Cooperative Organizations are not allowed to use the school’s sales tax exempt certificate therefore they must file an application to obtain their own sales tax exempt certificate. This certificate expires every five (5) years and will need to be renewed. Instructions and form DR-5 can be found at http://floridarevenue.com/Forms_library/current/dr5.pdf The instructions and form can also be found on The School District of Lee County’s Internal Audit Department’s web page.

Instructions to File for an Employee Identification Number (EIN)

All Cooperative Organizations must obtain an EIN by filing IRS Form SS4 or by obtaining an EIN by telephone. This federal identification number will be needed on all IRS forms. The instructions and form can be found at EIN Instructions EIN Form The instructions and form can also be found on The School District of Lee County’s Internal Audit Department’s web page.

Instructions to File for Internal Revenue Service (IRS) Tax Exempt Status

All Cooperative Organizations must be properly formed as a non-profit organization exempt from federal income taxes under Internal Revenue Service Code Section 501 (c)(3). An IRS tax exempt determination letter must be obtained by filing IRS Form 1023 Application for Recognition of Exemption. The tax exempt determination letter must be on file with the organizations permanent file as well as on file with the Principal of the school. Instructions and form IRS 1023 can be found at Form 1023 Instructions IRS Form 1023 The instructions and form can also be found on The School District of Lee County’s Internal Audit Department’s web page.
Maintaining Your Current IRS Tax Exempt Status
In order to retain your tax exempt status with the IRS the organization will need to complete on an annual basis IRS Form 990. This form summarizes the organization’s activities for the year and is used by the IRS for informational purposes. This annual return is due by the 15th day of the 5th month after the organization’s accounting period ends. This form will need to be kept with the organization’s current year files and with the Principal of the school. Instructions and form IRS 990 can be found at Form 990 Instructions IRS Form 990. The instructions and form can also be found on The School District of Lee County’s Internal Audit Department’s web page.

Instructions to File IRS Form 1099 MISC
IRS Form 1099 Misc is mostly used to report payments for services to individuals in excess of $600.00 in one year. This would mean that any payments to individuals as incentives, awards, or for their services in excess of $600.00 in one year would need to be reported to the IRS on form 1099 misc. This form would be sent directly to the individual as well as to the Internal Revenue Service. A copy of the form would be kept on file with the organization’s current year files. Instructions and form IRS 990 can be found at Form 1099 Instructions IRS Form 1099 Misc.
THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
STUDENT ACTIVITY FUND

**APPROVAL FOR FUND-RAISER**

<table>
<thead>
<tr>
<th>SCHOOL</th>
<th>ORGANIZATION</th>
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</thead>
<tbody>
<tr>
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</tbody>
</table>

1. We request permission from the Administration to conduct the following fund-raiser: (Describe items to be sold, dance, play, etc. and sale price)

<table>
<thead>
<tr>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

2. The fund-raiser will be held at the following locations, dates and times:

<table>
<thead>
<tr>
<th>Location</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>Date</th>
</tr>
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<tbody>
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</tbody>
</table>

3. The profit from this fund-raiser will be used for the following:

<table>
<thead>
<tr>
<th>Use</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use</th>
<th>Description</th>
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<tbody>
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<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

APPROVED BY:

_________________________________________
Teacher/Sponsor  Date

_________________________________________
Student Activities Director  Date

_________________________________________
Principal  Date
# THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA

## COOPERATIVE ORGANIZATION ANNUAL REPORT

**SCHOOL YEAR ______________________________**

- **Name of Organization**: ____________________________  
- **School**: ____________________________

**Federal Tax Identification Number** ____________________________

<table>
<thead>
<tr>
<th>President</th>
<th>____________________________</th>
<th>Telephone No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>____________________________</td>
<td>Home</td>
</tr>
<tr>
<td></td>
<td>____________________________</td>
<td>Business</td>
</tr>
</tbody>
</table>

1. **Objectives achieved by Organization:**
   1. _____________________________________________________________________
   2. _____________________________________________________________________
   3. _____________________________________________________________________

2. **Activities completed by Organization:**
   1. _____________________________________________________________________
   2. _____________________________________________________________________
   3. _____________________________________________________________________

3. **Bank Account Beginning Balance(s) (Include All Accounts)** $ ____________

4. **Total Funds Raised During Year** $ ____________

5. **Expenses (Equipment, materials, services, etc.)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
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<tr>
<td>2.</td>
<td></td>
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<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
</tr>
</tbody>
</table>

6. **Total Expenditures For School Year** $ ____________

7. **Bank Account Balance(s) At Year-End** $ ____________
   
   **Date of Bank Statement**

8. **If organization is a PTA:**
   - Attach minutes from two board meetings conducted during the school year.
   - Attach documentation related to the payment of annual dues.

**Report Completed By**: ____________________________  

<table>
<thead>
<tr>
<th>Address</th>
<th>____________________________</th>
<th>Home</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>____________________________</td>
<td>Business</td>
</tr>
</tbody>
</table>

**This form is to be submitted to the Principal no later than September 30.**

- **White - School Copy**
- **Canary - Organization Copy**
COOPERATIVE ORGANIZATIONS

TECHNICAL ASSISTANCE

THE SCHOOL BOARD OF LEE COUNTY

THE SCHOOL DISTRICT OF LEE COUNTY
Lee County School District
Technical Assistance Notes (Non-authoritative)
Best Practices

Recommended Accounting/Organizational Procedures

The treasurer is the authorized custodian, elected by the members, to have charge of the funds of the Cooperative Organization. The treasurer receives and disburses all monies as prescribed in the bylaws of the Cooperative Organization. The treasurer sees that all authorized bills are paid promptly, that revenues are accurately recorded, deposits are timely made and a financial accounting is given at regular intervals or as requested by officers of the Cooperative Organization. Full and open disclosure of financial activity of the Cooperative Organization aids in maintaining the confidence of its membership in the management of the Cooperative Organization.

It is important that the treasurer maintains accurate records. Adequate and accurate accounting records offer added assurance that the financial activities of the Cooperative Organization are properly accounted for and provides safeguards for those entrusted with funds of the club should questions arise. Generally accepted accounting principles and sound business practices should be followed when keeping financial records to assure members of the Cooperative Organization of the integrity of financial operations and accounting records.

Descriptions of the accounting records and instructions outlined below are intended primarily for use by the treasurer of the Cooperative Organization. The records and procedures described below are not mandatory but offered only as a guide. In many instances, modification of these procedures may be necessary in order to meet the needs of the organization. However, the procedures and forms presented are intended to provide the basic accounting framework for Cooperative Organization’s to follow.

Most components of a basic accounting system and related controls may also be found in several accounting software applications currently on the market. Many accounting programs (software) widely used today provide not only a user friendly means of accounting for organizational funds, but also possess the capability to provide the officers, directors, and general membership of the organization with useful information (reports) in a variety of formats, in a timely manner. Whether automated or manual records are used, receipt and expenditure classifications should be adequate to provide the organization with a minimum breakdown of each by type and category. Additional breakdown may be required depending on the size and complexity of the Cooperative Organization.

Basic Ledgers/Journals

Receipts Ledger

This is a listing of the monies received, recorded by receipt number and classified by the “source”, e.g., coupon book fundraiser, membership dues, concessions, t-shirt sales, etc. All money receipted should be substantiated by pre-numbered receipts, tickets or other auditable
records. Pre-numbered receipts are an added control that increases the confidence of the Cooperative Organization’s membership and provides a degree of protection for its treasurer. We strongly recommend the use of pre-numbered receipts. Other items recorded in the receipts ledger include credit items appearing on the bank statement (e.g. bank interest, etc.).

General Information-Receipts

- Receipt books should be maintained by the secretary and issued to the treasurer as needed.
- Cash received from individuals and activities should be recorded with pre-numbered receipts acknowledging initial receipt of the monies and signed by the treasurer.
- Cash collections should be verified by two or more persons.
- All cash should be recorded promptly when received.
- Checks received for deposit should be stamped “For Deposit Only” when they are received.
- Deposits should be made promptly and intact.
- Personal checks should not be cashed using funds received for deposit.
- Cash receipts from fund-raising activities should be turned in promptly. Two individuals should count receipts.
- Records should be maintained, including all receipts, receipt books and other numbered forms used to acknowledge the receipt of cash filed chronologically or by receipt numbers when used.
- All copies of voided receipts should be retained for audit.

Disbursement Ledger

This is a listing of all payments made and recorded by “purpose”, “function” or “item” (e.g. repairs, equipment, food, awards, fundraising, etc.) recorded by date and/or check number order. Automated systems permit multiple levels of classification and are very efficient in the manner in which they can capture this information. If using a manual system, disbursements may be categorized in more than one way but may require multiple postings to accomplish this. All other charges (e.g. bank service charges, check/deposit slip charges, return check fees, etc.) should also be recorded here.

General Information-Disbursements

- Expenditures should be approved and paid in accordance with provisions of the Cooperative Organization’s bylaws.
- Cash expenditures should not be made except through a properly established petty cash fund.
- Checks should be completely filled out prior to signature.
- Checks should require two signatures (any two officers of the Cooperative Organization)
- Voided checks should be retained and have the signature space cut off.
- Expenditures should be charged to the account title indicating the purpose of the expenditure.
- Controls should be in place to prevent expenditures in excess of available funds.
- Timely payments should be made on all purchases billed to the Cooperative Organization.
- Purchases of items to be donated to the District or school must be appropriate and should have the prior approval of the school principal.
- **Original** invoices should be on file to support every expenditure.

**Depository Ledger/Register**

This is a record of all bank transactions similar to a checkbook register but may be used to post summarized entries. This would include deposits made, checks drawn, returned checks, change funds, re-deposits, etc. Also include additional columns here to account for any investment accounts maintained by the organization (CD’s, savings, money market, etc.). Small Cooperative Organization’s may use the checkbook register and do not need a depository ledger.

**Bank Reconciliation**

The bank reconciliation should be performed each month that reconcile the balance shown on the bank statement to the amount carried in the depository ledger/register and/or checkbook register. This balance should also agree with amounts presented in the treasurer’s report and the accounting ledgers for that period. Preferably, someone other than the treasurer should perform the bank reconciliation, and all items should be reconciled. The reconciliation should be filed with the treasurer’s records and maintained for audit.
OUTSIDE SUPPORT ORGANIZATIONS

THE ORGANIZATIONAL AUDIT

THE SCHOOL BOARD
OF LEE COUNTY

THE SCHOOL DISTRICT
OF LEE COUNTY
The Organizational Audit

Auditing involves following financial transactions through accounting records to provide reasonable but not absolute assurance that revenues have been properly accounted for and expenditures were adequately documented, expended as authorized in the minutes of the organization and in conformity with organizational bylaws, standing rules and budget limitations. The term *audit* is used to define a financial review of the organization’s accounting records for the purpose of expressing an opinion on the financial activity of the organization. The term *audit* and *review* may be used interchangeably. An audit as defined by the American Institute of Certified Public Accountants refers to a financial statement audit and, if performed, shall meet the requirements of an audit as defined herein.

Organizational bylaws should require an annual audit; indicate when the audit is to be conducted and when it should be reported to the club’s membership. An audit should also be performed whenever the financial officer (treasurer) leaves or when required by a vote of the membership or board of directors.

If the audit is conducted internally by members of the Cooperative Organization rather than an independent CPA, the audit committee should be comprised of an officer of the club, other than the treasurer, and at least two members elected by the general membership if not appointed by the board of governors. The treasurer and president should be available to answer any questions during the audit. The audit should be performed immediately after the end of the fiscal year (preferably within one month) to provide a timely audit and before officers and directors move on.

The Purpose of an Audit

The purpose of an audit is:

- To certify the accuracy of the financial books/records of the organization and
- To assure the membership that the organization’s resources are being used in accordance with the bylaws of the Cooperative Organization and within the regulations established for their use.

Preparation for an Audit

Financial records should be put in order for the audit immediately following the end of the fiscal year, and before the treasurer’s term of office expires. All bills owed should be paid and any revenues received should be receipted, recorded and deposited. The final end-of-year bank reconciliation should be performed and a year-to-date treasurer’s report should be produced. No transactions should be recorded by the outgoing treasurer once the books are closed at year-end.
The treasurer and secretary should prepare the following items of audit:

- Original copy of Articles of Incorporation
- Current copy of by-laws
- Copy of the prior year’s audit
- Signed minutes of all Board of Directors and General Membership meetings
- Bank statements for the period being audited for the checking and any investment accounts
- The last/current tax return for the organization
- Copies of any federal tax forms filed (1099’s)
- Copies of signature cards for all bank accounts to verify that current/appropriate signers are listed
- Checkbook register and canceled checks
- Bank statements and deposit receipts
- Treasurer’s books and/or ledgers
- The periodic and annual financial reports (treasurer’s reports)
- Itemized statements and receipts for paid bills/invoices
- Check requests if used
- Copies of the adopted budget, as well as any amendments that were approved during the year

Preliminary Work

Read the Articles of Incorporation, bylaws, minutes of the meetings, and review the treasurer’s monthly and annual financial reports, for the purpose of determining whether the organization abided by and followed its written rules, i.e.:

- Were expenditure limits of officers adhered to?
- Were required expenditures (large) duly voted on?
- Were required meetings held and minutes kept and subsequently submitted to the membership for approval?
- Were periodic treasurer’s reports submitted to the membership and accepted?

Review the prior year audit report:

- For findings that required corrective actions
- To determine whether any audit adjustments were recommended
- Verify that audited ending balances were carried forward to the current year

Audit Procedure

I. Perform the Year End Bank Reconciliation

Verify or confirm the bank reconciliation was performed by the treasurer. Make sure the ending figures on the treasurer’s report or final year-to-date financial statement agrees (reconciles) to the end of year bank statement.
For a test month:

- Determine that voided checks were spoiled and held for audit.
- Verify that checks were duly signed and contained appropriate signature(s).
- Review endorsements on the back of checks to determine that endorsement matches payee on front of check.

II. Disbursements Test

Select a random sample of 30 disbursements spread throughout the 12-month period.

For each disbursement, verify the following:
- Was the check posted to the correct account (ledger column)?
- Was there evidence that it was duly authorized according to the bylaws, i.e. within the limits of the treasurer and/or president and approved by the Board if required?
- Was there adequate support for the payment in the form of an original invoice or receipt?
- Was the payment (A) mathematically correct, (B) were discounts taken, (C) was sales tax paid when required, and (D) was payment made promptly?
- Was the expenditure a normal and necessary expense of the association and its business?
- From a review of the ledgers, determine that Form 1099’s were filed and are correct.

III. Receipts Test

Select a random sample of 30 receipts spread throughout the 12-month period. Verify that they were signed by the treasurer, posted to the correct account, and review any supporting documentation to verify the account it was posted to. Trace the receipts to the deposit slip and to the bank verification.

If receipts are not issued for all revenue, consider selecting deposits in each month and determine if:

- The receipt/deposit contained the authorized signature
- The receipt/deposit was posted to the correct account or activity
- The receipt amount agrees with the source documentation presented

IV. Membership Verification

From information obtained from the secretary or official minutes of the club, determine how many members are in the organization and what the dues were. Adjusting for multiple family members discounts and documented “scholarships” (individuals who may be permitted to pay a reduced rate or free), attempt to determine the total revenue that should have been posted to that category. Perform similar analyses for other major categories of receipts. This often will point out large errors in the posting of receipts and can help to present a more accurate set of financial statements for the year-end.

V. Adjustments
• Review the detailed accounting ledgers for any unusual entries or adjustments. Satisfy yourself that they were legitimate entries and properly authorized.

• Review entries into the student accounts ledger for appropriateness. Run a total of the balances in that and any other “subsidiary” ledgers at the end of the year and tie that amount to the amount in the end-of-year treasurer’s report and/or control ledgers.

VI. Deposits

• Randomly select deposits and trace monies deposited back to the account they were posted to in the ledgers and, if possible, to the treasurer’s report.
• Determine that funds were deposited/remitted in a timely manner.
• Determine whether funds are deposited intact (as received).
• Verify that personal checks were not substituted for cash.

VII. Treasurer’s Report/Ledgers

For each account (ledger category), verify that the beginning balance agrees with the prior year’s audited ending balance. Verify that Federal Form 1099’s were filed if required and that they agree with the ledger totals. The figures on the Federal Tax Return to ledger totals.

VIII. General Procedures

Determine from the treasurer any bills that were received by the end of the fiscal year but not paid, and prepare a schedule of the outstanding payables. If the audit is performed later into the start of the next school year, review the expenditure ledger for any bills paid that may belong to the prior year.

Inform the treasurer of any errors found during the audit and require that an amended year-to-date treasurer’s report be prepared.

Review ending inventory reports of all items held for resale and compare them to the prior year’s inventory for consistency.

Review permanent records of fixed assets purchased with club funds. Physically examine each item or obtain assurances from officers of the club that those assets are still in existence.

VIX. Audit Completion

Prepare an audit report. The report should contain a statement of strengths and weaknesses regarding the overall accounting and bookkeeping. It should be dated and signed by all members of the audit committee. It should list the inclusive dates covered by the audit. The report may list the beginning balance, year-to-date receipts and expenditures and ending balance. It should reference the year-to-date receipts and expenditures and ending balance. It should reference the year-to-date treasurer’s report or annual financial statements, if prepared, and indicate whether the information contained therein is accurate. Present an original copy of the report with the attached year-to-date treasurer’s report or financial statements to the president to be placed on the agenda of the next Board of Directors meeting and the next general membership meeting. The chairman of the audit
committee should meet with the Board and discuss any findings and/or recommendations for improvements. Remember, you, as the audit committee, have the responsibility to bring to their attention any significant findings and anything that could improve the accounting or financial operations of the club.

Attend the next general membership meeting and read the report or pass out copies to all members in attendance and ask that it be entered into the minutes and be accepted by the membership as evidence that the audit was performed and that they were presented a copy of the audit report. Be available to answer any questions that may have arisen either during or after the meeting.

Note: Significant findings that may have a material impact on the financial statements or potential impact on the future operations of the club should be contained in the audit report itself. Clerical errors and suggestions for general improvements in accounting procedures may be listed in a separate letter and discussed with the Board of Directors only. Such matters do not have to be presented to the general membership.