

To: Shepherd Elementary School PTA
From: Theo Francis, Recording Secretary & Audit Committee Chair
Re: Financial Review Report for 2017–2018
Date: Oct. 13, 2018

Summary of finances

I have reviewed Shepherd Elementary School PTA's financial information provided and arrived at the following conclusions:

A brief summary of the time frame July 1, 2017, through June 30, 2018:

FY 2017–2018 Summary

Description	PNC account	PayPal	Total
Balance on July 1, 2017:	\$36,991.89	\$8,418.80	\$45,410.69
Receipts:	\$41,929.22	\$7,335.62	\$49,264.84
Disbursements:			\$57,255.12
Balance on June 30, 2018	\$35,317.09	\$2,103.32	\$37,420.41

The July 1, 2017 balance forward was taken from the Treasurer's reports for the year, and matches the figures found on the July 2017 bank statement from PNC and a PayPal financial summary. The year-end figures match year-end balances found on the account statement.

We used the bank statements, check and deposit-slip images, check stubs, PayPal transaction records, treasurer's reports and receipts that were provided to determine the above figures.

We could not work from the prior year's audit, as no audit was made of the 2016–2017 fiscal year. In addition, we don't have a record of an audit for the 2015–2016 fiscal year.

Checks

The summary includes check numbers 1815 through 1854 written during the fiscal year.

Check numbers 1819, 1824 and 1853, totaling at least \$70, are still outstanding, and are not included in the above figures. The check stub for 1824 was not filled out, and no further information is available about it. According to the account's check registry, the details are:

Uncleared checks

Check	Date	Payee Amount	Memo
1819	2017-09-20	\$40.00	Back to School Night childcare
1824	<i>missing</i>	<i>missing</i>	<i>missing</i>
1853	2018-06-06	\$30.00	PTA meeting childcare

Check 1823, for \$250, was written on Dec. 19, 2017, and cleared in March 2018 without a name in the payee line; the check stub for the check was not filled out. Both then-president Valerie Lewis Taylor and volunteer member Ayana McIntosh confirm that the check was written to (and deposited by) Ms. McIntosh, to reimburse her for a Fall Fest sponsorship she inadvertently made using the wrong credit card; she subsequently made a replacement sponsorship contribution. The PTA's contribution records are consistent with this explanation.

Cash transactions

Two cash withdrawals were made during the year. One, for \$800, was used to pay musicians that played the annual Jazz Night event at the school. This payment was witnessed by two PTA executive-committee members (Ms. Lewis Taylor and me). The other, for \$145.95 (including transaction fees), was used to buy pizza and drinks for the June 2018 monthly PTA meeting.

The Executive Committee has since adopted a policy of not withdrawing cash from its accounts; instead, any cash payments must be made by a PTA member, and may be reimbursed by the PTA with appropriate documentation and approval.

Spring Gala

There are some relatively small discrepancies between the amounts raised at the gala as reported by 501 Auctions and the amounts deposited around the time of the gala.

Most gala transactions were electronic: 501 Auctions reported \$27,706.00 in credit-card transactions, less \$1,020.86 in credit-card transaction fees, for a net of \$26,685.14. Electronic deposits to the PNC bank account via Stripe, the card processor used for the gala, totaled \$26,704.44, or \$19.30 more than indicated by 501 Auctions.

501 Auctions reported \$5,600 in checks, of which \$5,000 was from the Shepherd Park Citizens Association. However, the SPCA was given a sponsorship at the \$5,000 level for a contribution of \$4,050, in light of its longstanding and generous support. The correct check total should reflect that amount, for a total of \$4,650 in checks from the gala. Checks deposited shortly after the gala totaled \$5,200 – about \$550 more than would be expected from the gala. Some or all of this excess is likely to be checks for non-gala income.

501 Auctions also reported \$325 in "other" receipts, presumably cash. Cash deposits shortly after the gala totaled \$210, leaving a cash deposit shortfall of \$115.

Some amounts received during the 2017–2018 fiscal year may have been deposited early in the 2018–2019 fiscal year.

Transaction documentation

For the full year, receipts were provided for 84 transactions covering \$43,220.27 in expenses, or about 75% of the year's spending, while partial documentation was provided for 13 transactions totaling \$2,830.99, or about 5% of spending. (Partial documentation could include charge slips without itemization, email confirmations for online orders, etc.)

No receipts were provided for the remainder of spending, which included 98 transactions, of which 62 were under \$50 and 28 were over \$100. More than three dozen of these transactions reflected recurring charges, such as PNC bank fees and payment transaction charges.

Where no receipts were provided, the audit committee was able to identify the PTA-related purpose of all but a four transactions. These unclear transactions are:

Unidentified transactions

Date	Payee	Amount	Likely purpose
2018-04-02	Stripe	\$23.20	Online transaction service used for gala; fees?
2018-05-02	Papa John's	\$53.87	Food for school event
2018-05-11	Giant Foods	\$54.98	During Teacher Appreciation Week; food?
2018-05-14	Stripe	\$70.00	Online transaction service used for gala; fees?

Three transactions, totaling \$221.94, were made using PTA accounts for non-PTA business, one on PayPal and two via PNC. These occurred when saved credentials for a PTA account were inadvertently used with online vendors for non-PTA purchases. The errors were identified by the responsible person, who repaid the full amount early in the current fiscal year.

Tax filings

Based on the organization's receipts for the year, and after conversations with certified professional accountants, we believe it is necessary for the PTA to file federal taxes on form 990-N for the fiscal year ending June 30, 2018, by Nov. 15.

Taxes were not prepared or filed for the fiscal year ending June 30, 2017, and should be filed by Nov. 15 as well.

Taxes were prepared and filed for the fiscal year ending June 30, 2016. However, the Internal Revenue Service does not appear to have a record of this filing; a copy of the filing in the PTA's records should be re-sent to the agency, with a letter indicating that it has already been filed.

Recommendations & steps taken

In my opinion, the financial summary reported above represents the financial condition of the Shepherd Elementary School PTA.

Financial recordkeeping during the 2017–2018 fiscal year was lacking, in large part because the school year began with vacancies in five of seven PTA board seats, including the treasurer’s and assistant treasurer’s. All five vacant positions were filled in November, with PTA business continuing in the meantime, including the organization’s second-largest fundraiser, the annual Fall Fest.

While the board was shorthanded, and subsequently, some policies and procedures that had been implemented in prior years weren’t consistently maintained. Further, the growth of online and digital transactions highlighted some areas for which the PTA needed to establish new policies and procedures.

Members of the Audit Committee have already made a number of recommendations to the PTA Executive Committee, which has in turn implemented some of them, along with other changes. Some of the most significant recommendations and changes include:

Policy	Status
Use bank account for all spending; use PayPal & other digital accounts only to receive funds	Implemented
Cash withdrawals & cash-back transactions prohibited	Implemented
Standardize reimbursement request documentation	Implemented
Document checks and cash received prior to deposit	Implemented
Deposit checks and cash within one business day	Implemented
Retain CPA to complete 2017–2018 and 2016–2017 taxes	In progress
Establish finance committee or standing audit committee to review finances on a quarterly or monthly basis	In progress
Adopt Quickbooks or similar financial recordkeeping system	In progress
Review, update and document all financial policies	In progress
Engage bookkeeper to assist with maintaining financial records throughout the year	Under consideration
Review bank fees and alternative banking options	Under consideration
Review payment systems for duplication and cost	Under consideration

Respectfully,

Theo Francis
 Audit Committee Chair
 Recording Secretary