Booster Club and Exempt Organizations
Audit Committee General Information

General Information

Each organization is required to have an audit committee conduct an annual review of the organization’s revenues and expenditures.

The audit committee may include officers (not the President or Treasurer) and Club members. At least half of the committee must be non-officer members and should not be signers on the checking account.

The audit committee should not be made up of the same people every year.

The sponsor for the organization should be knowledgeable of the organization’s activities; however, the sponsor should not be one of the members of the audit committee.

An outside party, such as a CPA or an accountant, may be used to audit the financial information versus an audit committee. If an outside party performs the review, their results should be shown in their own report format. The outside party would need to sign and date their report.

The examples of the Audit committee Report show space for four (4) members; however, the Club may have more or less committee members. The same information must be documented for each of the committee members, regardless of the size of the committee.

The audit committee should include at least the following number of members, based on the membership in the Booster Club organization:

<table>
<thead>
<tr>
<th>Membership Range</th>
<th>Required Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50:</td>
<td>Two Members</td>
</tr>
<tr>
<td>50-99</td>
<td>Three Members</td>
</tr>
<tr>
<td>100-199:</td>
<td>Four Members</td>
</tr>
<tr>
<td>200-299:</td>
<td>Five Members</td>
</tr>
<tr>
<td>300+:</td>
<td>Six Members</td>
</tr>
</tbody>
</table>

Have the Treasurer prepare the written report of revenue and expenditures (financial report) for your Booster Club. The report should include information for the full applicable year. The Booster Club may use July 1-June 30 as their reporting period (this is the preferred reporting year). See the Audit Committee Instructions page for an example of this report.

Note: There are some Booster Clubs and Exempt Organizations that use January through December as their reporting period. They must notify the Internal Auditor in writing of a change in reporting periods and send a supplemental report if there is any financial activity until the District reporting period of June 30th.
Booster Club and Exempt Organization
Audit Committee Instructions

The Audit Committee should select one of these examples (based on the findings during the audit) to document the results and conclusions of their audit:

Type A  Audit was performed with no exceptions noted; therefore, the Financial Report appears proper and correct.

Type B  Audit was performed with immaterial exception(s) being noted. The Financial Report was either corrected or exceptions did not have a material effect. Except for these minor exceptions, the Financial Report appears proper and correct.

Type C  Audit was performed with material exception(s) being noted. Because of the material exception(s), the Financial Report is not proper and correct.

In some instances, due to material exception(s), the committee may not be able to determine whether the Financial Report is proper and correct. When this situation occurs, the committee may state that status of the Financial Report could not be determined because of material exception(s).

If exceptions are noted during the audit, consult with the organization’s Treasurer and President (if necessary) to resolve the exception(s). The Treasurer is responsible for making any corrections to the records, checkbook, and Financial Report.

If material exceptions have been noted, prepare recommendations to prevent the future occurrences of these exceptions.

The organization’s Treasurer and President are responsible for acting upon recommendations made by the Audit Committee.

Maintain a COPY of the Financial Report and a COPY of the Booster Club Audit Committee Report on file with the Treasurer of the Booster Club. The file with these reports should be kept at least five (5) years and should be forwarded to the new Treasurer each year.

Submit the ORIGINAL of the Booster Club’s Financial Report, Audit Committee Report and Booster Club Financial Certification to the District’s Internal Audit Department at 20200 Eastway Village, Humble Texas 77338 by September 1st. Please call the Booster Club Office at 281-641-8158 if the reports will be late.
Report Type A

Page 1 of 1
(Proper and correct with no exceptions)

EXAMPLE

High School Booster Club
AUDIT COMMITTEE REPORT
FOR THE TIME PERIOD
July 1, 2010 through June 30, 2011

The financial data contained in the following financial statement(s) for the time period of July 1, 2010 through June 30, 2011 have been audited in detail by the Audit Committee members named below. These members agree that these financial statements are proper and correct to the best of our knowledge. No exceptions were noted during the review.

<table>
<thead>
<tr>
<th>Printed Name</th>
<th>Title</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>
EXAMPLE

High School Booster Club
AUDIT COMMITTEE REPORT
FOR THE TIME PERIOD
July 1, 2010 through June 30, 2011

The financial data contained in the following financial statement(s) for the time period of July 1, 2010 through June 30, 2011 have been audited in detail by the Audit Committee members named below. These members agree that these financial statements are proper and correct, except for the following exceptions.

Check #5257 cleared the bank for $25.20 instead of $2.52.

Check #5263 did not have 2 authorized signatures as required by the Booster Club by-laws. The check only contained 1 authorized signature.

The Program Ad Expense account contains six expenses that did not have the related invoices as documentation for the expense. The undocumented expenses totaled $42.87.
EXAMPLE

High School Booster Club
AUDIT COMMITTEE REPORT
FOR THE TIME PERIOD
July 1, 2010 through June 30, 2011

The financial data contained in the following financial statement(s) for the time period of July 1, 2010 through June 30, 2011 have been audited in detail by the Audit Committee members named below. These members agree that these financial statements are not proper and correct, due to the following exceptions.

- No documentation of cost existed for the 100 new uniforms purchased.
- Checking and savings accounts were not reconciled during the year.
- Only one (1) authorized signature appeared on all checks written instead of the two (2) required authorized signatures.

To prevent the above exceptions from occurring in the future, the following steps should be taken:

- Documentation of all expenses, such as an invoice, should be received prior to payment of expenses. Documentation should be kept with the other Booster Club records.
- All bank accounts should be reconciled on a monthly basis.
- All checks issued should be signed by at least two authorized persons.
**Report Type C**

**EXAMPLE**

High School Booster Club  
AUDIT COMMITTEE REPORT  
FOR THE TIME PERIOD  
July 1, 2010 through June 30, 2011

<table>
<thead>
<tr>
<th>Printed Name</th>
<th>Title</th>
<th>Signature</th>
<th>Date</th>
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<tbody>
<tr>
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</table>
Booster Club and Exempt Organization
Suggested Audit Program
Audit Procedures:

The following suggested instructions are designed to assist the Audit Committee in conducting a thorough audit of the Organization’s financial activity for the applicable school year.

Bank Reconciliations
1. Trace ending balances on the reconciliations to bank statements, outstanding check lists, and other reconciling items.
2. Verify that bank reconciliations were completed within 30 days of bank statement ending date.
3. Ensure that any outstanding or reconciling items on the reconciliations were cleared the following month.
4. Verify that the balance in the bank account (at beginning of school year), plus total deposits per check register, minus total disbursements per check register, balances to ending bank account balance (at end of school year).

Bank Statements
5. Determine whether a procedure is in place for a Club member, other than those that have check signing ability, to receive bank statements by mail and review for reasonableness.
6. Determine whether any cash corrections were identified on bank statements. Ensure that reasonable explanations are available.
7. Compare the number of cleared checks included in the bank statement with the number that is noted on the bank statement to ensure agreement.
8. Ensure that cleared checks contain signatures of individuals authorized to sign checks. Ideally, bank accounts should be established to require two signatures.

Receipts
9. From the check register or other accounting records, schedule each deposit (use of spreadsheets is helpful). If volume is significant, consider selecting only a representative sample.
10. Trace deposits to collection documentation and prepared cash receipts for agreement.
11. Trace deposits to bank statements to ensure agreement.
12. Ensure that receipts are presented for deposit in a timely manner by reviewing the dates of prepared cash receipts with the date of deposit on the bank statement.

Disbursements
13. From the check register or other accounting records, schedule each check, withdrawal, or other debit (use of spreadsheets is helpful). If volume is significant, consider selecting only a representative sample.
14. Trace checks to supporting documentation such as invoices, receipts, approved expenses related to fundraisers, or other reasonable explanations.
15. Review the canceled check to ensure agreement of payee name, endorsement, and check amount.
16. Trace disbursements to budget approved by the membership or meeting minutes.
17. For bank withdrawals for the purpose of establishing a change fund for an event, confirm that the change fund was later re-deposited.

**Fundraisers**
18. Evaluate each fundraiser individually by calculating the value of items available for sale or number of tickets sold, and comparing to deposits and remaining inventory, if any, to ensure agreement.
19. Determine whether fundraiser applications were prepared and submitted to the campus principal for each fundraiser.

**Miscellaneous**
20. Inventory remaining check stock to confirm that all checks are present and sequential. Ensure that the check number for the last check issued and first check available in check stock are sequential.
21. Confirm that check stock is retained in a secure place when not in use.
22. Determine whether any checks were voided during the course of the year. Ensure that any voided checks are retained in the records, but have been sufficiently modified to eliminate the possibility of clearing the bank (i.e. signature portion has been cut out of the check and VOID has been written across the check).
23. Ensure that sales tax reports were prepared and filed timely.
24. If IRS 990 form was filed, review for reasonableness.
High School Booster Club
CASH BASIS FINANCIAL REPORT
From July 1, 2010 through June 30, 2011

Beginning Cash Balance as of July, 1, 2010 $5,235.46

INCOME
- Concession Stand Sales $2,111.42
- Fall Dance $1,125.22
- Membership Dues (225 members) $5,625.00
- Program Ad Sales $1,502.25
- T-shirt Sales $3,375.00
Total Income $13,738.89

EXPENSES
- Concession Stand Supplies $1,355.77
- Fall Dance Expense $577.92
- Miscellaneous Supplies $450.77
- Postage $236.29
- Program Ad Expense $742.88
- Cost of T-shirts $2,250.00
Total Expenses $5,613.63

i. Ending Cash Balance as of June 30, 2011 $13,360.72

Cash Basis Financial Report Prepared By:

________________________________________  ________________________
Printed Name                        Title

________________________________________  ________________________
Signature                           Date
<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Members' Fees</td>
<td>$2,225.03</td>
<td>$2,261.23</td>
<td>$2,208.08</td>
<td>$2,065.20</td>
<td>$2,305.62</td>
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<tr>
<td>Fund Raising Income</td>
<td>399.5</td>
<td>337.38</td>
<td>118</td>
<td>277.42</td>
<td>497.09</td>
</tr>
<tr>
<td>Trips Income</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>4,106.80</td>
</tr>
<tr>
<td>Events Income</td>
<td>506</td>
<td>680.21</td>
<td>653.61</td>
<td>2,428.88</td>
<td>1,847.28</td>
</tr>
<tr>
<td>NHLBCC Income</td>
<td>34.01</td>
<td>--</td>
<td>24.93</td>
<td>112.27</td>
<td>--</td>
</tr>
<tr>
<td>Bank Interest</td>
<td>836.26</td>
<td>630.01</td>
<td>654.34</td>
<td>382.14</td>
<td>771.44</td>
</tr>
<tr>
<td>Donations</td>
<td>35.92</td>
<td>49.49</td>
<td>29.49</td>
<td>16.05</td>
<td>140.81</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>12.59</td>
<td>--</td>
<td>55.37</td>
<td>5</td>
<td>10.74</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td>4,049.31</td>
<td>3,958.32</td>
<td>3,743.82</td>
<td>5,286.96</td>
<td>9,679.78</td>
</tr>
<tr>
<td>Newsletter Printing</td>
<td>$798.15</td>
<td>$696.48</td>
<td>$498.21</td>
<td>$788.27</td>
<td>$642.98</td>
</tr>
<tr>
<td>Newsletter Postage</td>
<td>1,379.11</td>
<td>1,158.32</td>
<td>823.71</td>
<td>1,027.31</td>
<td>1,067.28</td>
</tr>
<tr>
<td>Fund Raising Expense</td>
<td>195</td>
<td>87</td>
<td>67</td>
<td>208.01</td>
<td>292.89</td>
</tr>
<tr>
<td>Trips Expense</td>
<td>15.05</td>
<td>--</td>
<td>2.57</td>
<td>1.53</td>
<td>3,960.65</td>
</tr>
<tr>
<td>Events Expense</td>
<td>648.55</td>
<td>798.37</td>
<td>1,385.86</td>
<td>2,163.62</td>
<td>1,889.94</td>
</tr>
<tr>
<td>Promotional Expense</td>
<td>118.92</td>
<td>172.6</td>
<td>145.92</td>
<td>230.26</td>
<td>118.14</td>
</tr>
<tr>
<td>NHLBCC Expense</td>
<td>216.79</td>
<td>228.87</td>
<td>484.42</td>
<td>166.81</td>
<td>--</td>
</tr>
<tr>
<td>Office Supplies Expense</td>
<td>270.11</td>
<td>109.34</td>
<td>277.9</td>
<td>241.78</td>
<td>358.61</td>
</tr>
<tr>
<td>Membership Supplies</td>
<td>130.5</td>
<td>376.37</td>
<td>400.91</td>
<td>96.55</td>
<td>232.9</td>
</tr>
<tr>
<td>Business Expenses</td>
<td>505.67</td>
<td>540.23</td>
<td>473.47</td>
<td>373.13</td>
<td>394.49</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>3</td>
<td>54.92</td>
<td>--</td>
<td>--</td>
<td>7.5</td>
</tr>
<tr>
<td>Charitable Donations</td>
<td>200</td>
<td>450</td>
<td>820</td>
<td>460</td>
<td>960</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>5.7</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>4,480.85</td>
<td>4,672.50</td>
<td>5,379.97</td>
<td>5,762.97</td>
<td>9,925.38</td>
</tr>
<tr>
<td><strong>Surplus (Loss) for the Year</strong></td>
<td><strong>($431.54)</strong></td>
<td><strong>($714.18)</strong></td>
<td><strong>($1,636.15)</strong></td>
<td><strong>($476.01)</strong></td>
<td><strong>($245.60)</strong></td>
</tr>
</tbody>
</table>
Example of Balance Sheet for Boosters

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>As at June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td><strong>1998-99</strong></td>
</tr>
<tr>
<td>Cash</td>
<td>$6,619.99</td>
</tr>
<tr>
<td>Petty Cash</td>
<td>9.45</td>
</tr>
<tr>
<td>NHLBCC Legacy Fund</td>
<td>14,580.00</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>105.64</td>
</tr>
<tr>
<td>Merchandise Inventory</td>
<td>268.81</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>589.03</td>
</tr>
<tr>
<td>Membership Supplies</td>
<td>1,033.36</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>23,206.28</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Furniture (Booth sign, Fax)</td>
<td>638.39</td>
</tr>
<tr>
<td>Less: Depreciation</td>
<td>401.28</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>237.11</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$23,443.39</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Bills Payable</td>
<td>$200.00</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$200.00</td>
</tr>
<tr>
<td><strong>Net worth, June 30</strong></td>
<td>23,674.39</td>
</tr>
<tr>
<td>Surplus (Loss)</td>
<td>-431.54</td>
</tr>
<tr>
<td><strong>Net worth, June 30</strong></td>
<td>23,242.85</td>
</tr>
<tr>
<td><strong>Total liabilities and net worth</strong></td>
<td>$23,443.39</td>
</tr>
</tbody>
</table>
BOOSTER CLUB
FINANCIAL CERTIFICATION

To the best of my knowledge, __________________________________________ (PTA or Booster Club name)

total gross receipts (income) ______ do not  OR ______ does exceed $25,000 for the fiscal year ending ____________________.

(Note: If your annual gross receipts are normally greater than $25,000, the Booster Club must file the IRS Form 990 or Form 990N. All 501c3 organizations must file a 990.)

_____________________________ ______________________________ ________________________________
(PTA/Booster Club Officer) (Title) (Date)

_____________________________ ______________________________ ________________________________
(PTA/Booster Club Officer) (Title) (Date)

Forward completed Financial Certification to the Internal Audit Department no later than September 1st of each year.

Humble Independent School District
Internal Audit
20200 Eastway Village
Humble, Texas 77338

NOTE: Instructions for Form 990 and Form 990 EZ can be found on the IRS website at www.irs.gov under forms and publications.