



District School Board of Niagara
BOOKKEEPING MANUAL FOR PARENT/VOLUNTEER FUNDRAISING GROUPS

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A. **PURPOSE OF THE BOOKKEEPING MANUAL**

In order to assist parent/volunteer fundraising groups in completing accurate financial reports, the District School Board of Niagara (DSBN) has provided this Bookkeeping Manual as a supplementary to the Financial Accountability of School Generated Funds Administrative Procedure. This manual provides an example of a bookkeeping system and procedures, petty cash fund, how to prepare the bank reconciliation report, and preparing the required financial report to be submitted to the DSBN.

B. **BOOKKEEPING SYSTEM AND PROCEDURES**

1. **Bookkeeping Procedure**

- The Cash Journal records all the income (receipts) and all the payments (disbursements) of the group. A Cash Journal, in Excel, is available on the DSBN's website.
- A sample Cash Journal is shown in Figure 1, on the next page. The following information is included:
 - A Date when the transaction occurred
 - B A brief explanation of the transaction – the source of funds when money is received or the name of the person/organization when a payment occurs.
 - C Cheque number, when a cheque is written, otherwise left blank
 - D In the Receipts section, the columns should have brief headings describing the most common income (receipts) of the group, for example chocolate bar sales, pizza lunches. It is recommended to have a column labelled “*Other Revenue*” to be used for one-time or infrequent receipts. Money received will be entered in the appropriate column in the Receipts section, and this amount will be added to the bank balance total.
 - E In the Disbursements section, the columns should have brief headings describing the most common payments of the group, for example, chocolate bar expenses, pizza lunch costs and contributions to school. It is recommended to have a column labelled “*Other Expense*” to be used for one-time or infrequent payments. Payments made will be entered in the appropriate column of the Disbursements section, and this amount will be subtracted from the bank balance total.
 - F Bank balance, provides a running bank balance total by adding to the previous balance when money is received (receipts), or subtracting from the previous balance when a payment occurs (disbursements).
- Enter the transaction into the journal as soon as possible after it is completed. It will be difficult to balance the books if a transaction has not been recorded.
- If using a manual cash journal, all entries should be made in ink.
- Voided cheques should be recorded and retained to preserve the numerical sequence.

C. PETTY CASH FUND

1. Petty Cash Administration

- A petty cash fund is to be used for the payment of small dollar amount expenses where a written cheque is impractical
- A limit on the amount of any one payment from the petty cash fund should be set, (for example \$10 to \$20).
- One member of the group should be appointed to be in charge of the petty cash fund, which often is the Treasurer. The petty cash keeper is the only person authorized to make payments from the fund and would assume responsibility for the money.
- To start a petty cash fund, a cheque is issued, to the petty cash keeper as shown in Figure 2. The Treasurer should label one of the columns in the Cash Journal, “*Petty Cash*” to record the set up and the replenishment of the petty cash fund as shown in Figure 3.

Figure 2

Royal Bank 123 Lake Street Niagara Falls, ON L7G 8R8	No. 722 <i>April 4, 2014</i>
Pay to the Order of <u>Lisa Arnold</u>	<u>\$ 50.00</u>
	<u>Fifty dollars</u> ----- Dollars
For <u>To open the petty cash fund</u>	<u>Marc Jones</u> <u>Jane Doe</u>
Account No. 233-789-857	

Figure 3

XYZ Parent Fundraising Association Cash Journal For the Period of September 1, 2013 to June 30, 2014											
Date	Details	Chq #	Receipts			Disbursements					Bank Balance
			Chocolate Bar Sales	Fun Day Event Rev.	Other Revenues	Chocolate Bar Exp.	Fun Day Event Exp.	Contribution to School	Petty Cash	Other Expenses	
Sep 1	Opening Bal										1,972.33
Sep 7	Games Inc	680						(200.00)			1,772.33
Sep 9	Fun Day-BBQ			350.00							2,122.33
April 4	L.Arnold-PC Setup	722							(50.00)		647.08

- The petty cash keeper cashes the cheque and places the money into a cash box.
- When a member of the group wants to request money from the petty cash fund, the member must submit a petty cash voucher with the receipt stapled to it. The petty cash keeper can print Petty Cash Vouchers from the DSBN’s website or purchase them from a stationary store or create their own. The voucher should record the following:

- amount
- date of payment
- description of the expense
- signatures of the person receiving and issuing the cash

The vouchers should also be consecutively numbered. A sample of a Petty Cash Voucher is shown in Figure 4.

Figure 4

Petty Cash Voucher		
Receipt Amount: \$ _____	Date: _____	No. _____
Expense Description: _____		
Signature of person receiving cash: _____		
Signature of person issuing cash: _____		

- When the petty cash keeper is satisfied that the expense is proper, the keeper signs the voucher and makes the payment from the petty cash fund. The payment must be for the exact amount claimed, so it is a good idea to keep some change in the petty cash box. The person receiving the money must sign the voucher acknowledging that he/she has received payment.
- A completed petty cash voucher must accompany every payment out of the petty cash fund. Vouchers, which have been paid, should be kept in the petty cash box. A receipt by itself is insufficient because it does not give all of the details, which the Treasurer will later need.
- Since the payments are for the exact amount on the vouchers, the sum of the cash left in the box and the total amount of the vouchers will be the same amount as the original petty cash fund.
- Even if the petty cash fund is only reimbursed once a year, the fund should still be verified a few times a year.
- When the petty cash fund is getting low, the fund should be counted and documentation submitted to reimburse the fund. The purpose of reimbursing the fund is to bring it back to its original amount. The amount of the reimbursement must equal the amount that has been paid out of the fund. The petty cash keeper should total up all of the vouchers in the cash box and present these to the Treasurer who will issue a cheque in the exact amount of the total. This will restore the fund to its original amount.

Figure 5

On October 9, 2014 Sally Smith asked to be reimbursed \$6.30 to cover the costs of stamps for the group. She completed a voucher, attached the receipt and was given the money. The petty cash box now has \$43.70 in cash and a voucher for \$6.30, which total \$50.00. Then, October 29, Lorrie Nagano asked to be reimbursed \$6.90 for the purchase of apples for the JK Halloween Party. She completed a

voucher, attached the receipt and was paid. Now the box has \$36.80 in cash and vouchers totaling \$13.20, which adds up to \$50.00. And so on.

At the end of October 2014 there was still enough funds, \$36.80, in the cash box so Lisa, the petty cash keeper, did not request to be reimbursed for the funds. However, Lisa still verified the amount in the Petty Cash Box, as shown in Figure 5.

<u>Verification of Petty Cash Fund on <i>October 31, 2014</i></u>	
Total Petty Cash Fund	\$ 50.00
Total Vouchers in the box	13.20
Cash in the box	<u>\$ 36.80</u> LA

Lisa places her initials beside the amount of cash in the box, signifying that she counted the money in the box and she agrees with this amount. By the end of December 2014 there was only \$6.52 left in the petty cash box. The total vouchers \$43.48, plus the \$6.52 cash remaining in the box total \$50.00. The petty cash keeper requested a cheque in the amount of \$43.48 from the Treasurer and turned over vouchers #1-5. Lisa cashed the petty cash cheque on December 31 so the amount in her cash box at the end of the month is \$50.00.

- At this time, the Treasurer will record the individual petty cash expenses from the vouchers in the Petty Cash Journal. After the vouchers have been entered in the Petty Cash Journal, the Treasurer should put all of the vouchers into an envelope marked with the date and number of the reimbursement cheque, and the envelope should be filed away. Vouchers for which the fund has been reimbursed should never be put back into the petty cash box.
- The petty cash fund should be reimbursed on/before June 30th every year so the Treasurer can prepare a complete statement of expenses for the year.

2. Petty Cash Journal

- The Petty Cash Journal is used to record the amount received to start the fund, all payments made from the fund and amounts received to replenish the fund.
- The Petty Cash Journal is similar to the Cash Journal except that *cheque number* becomes *voucher number* and there is a column for setup and reimbursement of the fund. The remaining columns are set up for payments only. The columns should have brief headings describing the most common payments. There should also be a column labelled "*Other Expenses*" to be used for one-time or infrequent payments.
- The Treasurer made the following entries from the information on vouchers #1-5 in the Petty Cash Journal as shown in Figure 6 on the next page.

D. BANK RECONCILIATION REPORT

- The purpose of this procedure is to compare the bank balance as recorded in the cash journal to the bank balance according to the bank statement. The reconciliation report is prepared to bring the two into agreement.
- The Treasurer should do the bank reconciliation for **every month**, even though a report is submitted to Financial Services only once a year.
- The bank sends a monthly statement showing all transactions for the month. If the bank statement doesn't arrive, the bank should be called.
- On the bank statement, the Debit column is always used to record cheques or payments, and the Credit column is always used to record deposits or any other increase in the bank account.
- These steps should be followed when doing the bank reconciliation:
 1. Prepare a list of the outstanding cheques. To do this check off all cancelled cheques returned by the bank that appears on both the bank statement (debit column) and in the cash journal. The outstanding cheques are the cheques in the cash journal that have not been checked off. These are subtracted from the bank statement balance on the reconciliation report.
 2. Make sure that all deposits have been recorded on the bank statement. To do this, check off all deposits that appear on both the bank statement (credit column) and in the cash journal. Sometimes a deposit made on the last day of the month will not be recorded. This is referred to as a deposit in transit. The bank should be contacted if any other deposits made during the month do not appear on the bank statement. Deposits in transit are added to the bank statement balance on the reconciliation report. As a control measure, the Treasurer should check that deposits in transit from the preceding month appear in the current month's bank statement. If they do not, the deposit may be lost.
 3. Look for any other items on the bank statement that have not been checked off. Items listed in the credit column of the bank statement (interest earned, EFT receipts) must be added to the Balance per Books on the reconciliation report. Items listed in the debit column of the bank statement (service charges, EFT

- payments, NSF cheques) must be subtracted from the Balance per Books on the reconciliation report.
4. Sometimes errors are made by the bank or in the cash journal, for example cheque amounts recorded incorrectly. These must be included in the reconciliation report. The bank should be called if a cheque has cleared the bank account for a different amount than appears on the cheque.
 - To prepare the reconciliation report, enter the end of period bank balance from the Cash Journal in the Balance per Books section.
 - Adjust for items as listed above in #3 & 4.
 - Enter the end of period bank statement balance in the Balance per Bank Statement section.
 - Adjust for items as listed above, in #1, 2 & 4.
 - Compute the adjusted book balance and the adjusted bank balance.
 - Recheck everything if the two balances are not equal.
 - Enter into your Cash Journal any deposits or withdrawals appearing on the bank statement not previously recorded (for example: service charges, interest, EFT payments/receipts, and NSF cheques).
 - A sample bank statement, Figure 8 and Bank Reconciliation Report, Figure 9 is shown on the next page.
 - It is recommended that, the individual who is a signatory on the bank account, but does not maintain the accounting records, approve on a timely basis a monthly Bank Reconciliation Report reconciled to the closing balance of funds in the accounting records. This individual should scan the bank statements and cancelled cheques for a randomly selected month(s) to ensure that all cancelled cheques appearing on the bank statement are present, that cheques were signed by authorized individuals and that all transactions are appropriate. The individual should also sign the monthly bank reconciliation report indicating his/her approval.

Figure 8

Royal Bank				
XYZ Parent Fundraising Association c/o Jane Doe 4567 Centre Court Niagara Falls, ON L2G 3B2				
Statement of Account		Statement From - To		
Branch No.	Account No.	June 1/14 - June 30/14		
1024	233-789-857	Page 1 of 1		
DATE	DESCRIPTION	WITHDRAWALS	DEPOSITS	BALANCE
1-Jun-14	Balance forward			515.33
3-Jun-14	Cheque # 880	25.00		490.33
5-Jun-14	Deposit		150.00	640.33
7-Jun-14	Cheque # 882	25.00		615.33
8-Jun-14	Cheque # 883	25.00		590.33
10-Jun-14	Deposit		125.00	715.33
13-Jun-14	Cheque # 875	100.00		615.33
14-Jun-14	Cheque # 881	50.00		565.33
14-Jun-14	Cheque # 885	75.00		490.33
15-Jun-14	NSF - J. Ball	50.25		440.08
16-Jun-14	Deposit		262.10	702.18
21-Jun-14	Cheque # 884	25.25		676.93
23-Jun-14	Cheque # 887	50.00		626.93
26-Jun-14	Cheque # 886	25.00		601.93
30-Jun-14	Service Charge	4.00		597.93
Enclosures	Opening Balance	Total Debits	Total Credits	Closing Balance
9	515.33	454.50	537.10	597.93

Figure 9

XYZ PARENT FUNDRAISING ASSOCIATION BANK RECONCILIATION REPORT AS AT JUNE 30, 2014			
Balance per Books, June 30			\$ 514.83
Less: June Bank Service Charges		\$ 4.00	
NSF Cheque of J. Ball		50.25	(54.25)
Add: Error Recording Cheque #875			127.10
Adjusted Book Balance			<u>\$ 587.68</u>
Balance per Bank Statement June 30			\$ 597.93
Add: Deposit in Transit (June 30 Not Recorded by Bank)			100.00
Less: Outstanding Cheques			
Cheque #801		\$ 100.00	
Cheque #888		10.25	(110.25)
Adjusted Bank Balance			<u>\$ 587.68</u>
Prepared by:	Lisa Arnold		
(Name)			
	Treasurer		
(Position)			
Approved by:	Jane Doe		
(Name)			
	President		
(Position)			

E. **PREPARING THE FINANCIAL REPORT**

1. **Financial Report Procedure**

- This procedure covers the Statement of Receipts & Disbursements. Other financial reports such as, a Balance Sheet and Income Statement or a Statement of Sources and Uses of Funds are acceptable.
- The title should include the name of the group, the statement title and the reporting period.
- The sections of the report are:
 1. Assets, Beginning of Period - consists of the petty cash on hand, bank balance as reported in the Cash Journal, and investments, if any, at the beginning of the period.
 2. Gross Receipts - From the Cash Journal, list the total of each receipt category for the period.
 3. Gross Disbursements - If your group has a Petty Cash Fund, this section includes amounts paid from the Cash Journal (except the *Petty Cash* column) and the Petty Cash Journal (except the *Petty Cash Fund* column). If the same category of expense occurs in the Cash and Petty Cash Journals, sum these amounts before listing them in the Gross Disbursement section of the Statement of Receipts and Disbursements.
 4. Assets, End of Period – consists of the petty cash on hand, adjusted bank balance as reported in the bank reconciliation report, and investments, if any, at the end of the period.
- The end of year assets balance must equal the beginning assets plus gross receipts less gross disbursements. Recheck everything if the two balances do not equal.
- If your group has *Other Revenues* and/or *Other Expenses*, provide a breakdown, at the bottom of the Statement of Receipts and Disbursements, which shows the individual items making up this total.

2. **Financial Report Example: Statement of Receipts and Disbursements** (Appendix A: Financial Manual for Parent/Volunteer Fundraising Groups)

- At the beginning of the year, July 1, 2014, XYZ Parent Fundraising Association had \$50 of petty cash on hand and \$1,084.30 bank balance in their Cash Journal. There were no investments.
- The total for each receipt category from the Cash Journal are listed in the Gross Receipts section.

▪ Chocolate Bar Sales	\$2045.00
▪ Fun Day Event Revenues	\$873.20
▪ Other Revenues	\$192.23
- The combined total for each expense category from the Cash and Petty Cash Journals are listed in the Gross Disbursements section.

▪ Cost of Chocolate Bars	\$920.00
▪ Fun Day Event Expenses	\$118.75
▪ Contributions to School for Field Trips	\$1500.00
▪ Other Expenses	\$68.30

- At the end of the year, June 30, 2014, XYZ Parent Fundraising Association had \$50 petty cash on hand, \$587.68 adjusted bank balance (from Bank Reconciliation Report) and \$1000.00 GIC investment maturing October 15, 2014.
- A breakdown of Other Revenues and Other Expenses are shown at the bottom of the Statement of Receipts and Disbursements Figure 10.

Figure 10

XYZ PARENT FUNDRAISING ASSOCIATION STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD JULY 1, 2013 TO JUNE 30, 2014			
Assets, Beginning of Period			
Petty Cash on Hand	\$	50.00	
Bank		<u>1,084.30</u>	\$ 1,134.30
Add: Gross Receipts			
Chocolate Bar Sales		2,045.00	
Fun Day Event Revenues		873.20	
Other Revenues		<u>192.23</u>	3,110.43
Deduct: Gross Disbursements			
Cost of Chocolate Bars		920.00	
Fun Day Event Expenses		118.75	
Contribution to School for Field Trips		1,500.00	
Other Expenses		<u>68.30</u>	2,607.05
Assets, End of Period			
Petty Cash on Hand		50.00	
Bank (must equal bank reconciliation report)		587.68	
Investment (Royal Bank GIC, 1 year term, maturing October 15, 2014)		<u>1,000.00</u>	\$ 1,637.68
Prepared by:		Lisa Arnold	
		(Name)	
		Treasurer	
		(Position)	
Approved by:		Jane Doe	
		(Name)	
		Chair	
		(Position)	

F. CONTACTS

If the Treasurer/parent fundraising group has any questions, suggestions on how to improve this manual or needs assistance, please contact:

Elaine Williams 905-641-1550 ext. 54211 Elaine.Williams@dsbn.org
 Cathy Teal-Claxton 905-641-1550 ext. 54204 Cathy.Teal-Claxton@dsbn.org