

Annual Financial Report

JHS Music and Arts Boosters
For the period ended August 31, 2019

Prepared by
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Prepared on
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Corporate Treasurer Findings

I have reviewed the records from each of the six programs of JHS Music and Arts Boosters as of August 31, 2018 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of each program's leadership. My responsibility is to express an opinion of these financial statements based on my review.

My review is done in accordance with auditing and accounting standards generally accepted in the United States of America, and this review is done to obtain reasonable assurance that the financial statements are free from material misstatement.

In my opinion, the financial statements presented herein present fairly, in all material respects, the financial position of JHS Music and Arts Boosters as of August 31, 2018 and 2019, and the results of its operations for the years then ended in conformity with the accounting principles stated in SFAS 116 and SFAS 117, the standards for non-profit financial statement display.

In my review of the operations of JHS Music and Arts Boosters, I have several findings in the area of internal control that warrant immediate correction.

1. Cash Drawer Usage. When monies are withdrawn from the checking account to seed the cash drawer, record the transaction as a **transfer** to account 1020 – Cash Drawer. Any activity involving monies going into the cash drawer should be recorded as a deposit to the **cash drawer**, not the checking account. When the deposit is eventually made into the checking account, record the transaction as a **transfer** from account 1020 – Cash Drawer to the checking account.
2. Cash Reconciliation. Cash reconciliation forms have not been agreeing with the total on the ATM deposit receipts. When making a transfer from the cash drawer to the checking account, make sure to attach the applicable reconciliation forms, and that the totals agree.
3. Proper Documentation. **All transactions** must be properly documented. Attach check copies to invoices, receipts or meeting minutes showing authorization for expense. If the documentation is attached to the transaction in QuickBooks, ensure that all reconciliation forms, deposit slips, check copies, etc. are attached. All documentation along with meeting minutes is to be turned over to the corporate secretary/treasurer at year end.
4. Counter Signatures on Large Transactions. All transactions over \$1,000 must be signed by two individuals. In 2018-2019 there were 15 transactions over \$1,000; not a single transaction was countersigned. The only exception to this is for transfers between accounts. Anyone from the operating group may initial the check; they do not need to be a signer on the account. The corporate treasurer can also countersign any check. If the payment is made by card or online, have someone from the operating group countersign the electronic invoice or receipt as indication that more than one person is aware of the transaction.
5. Writing Checks to Oneself. Don't. There were two cases this year.
6. Erroneous Usage of Income/Expense Accounts and Classes. The Adjusted Trial Balance report indicates the degree of adjustments that were required this year. Do not mix program revenues or expenses and fund-raising revenues or expenses within the same project (class). Each project will be either a program event or a fund-raising event. Revenues and expenses need to be aligned for each project. Please see the separate tip sheet for ease of use.

7. Late Posting of Transactions. Entry of transactions into QuickBooks was timelier this past year, however, there were still many occurrences of waiting for the bank feed or end of the month before entering the transaction. The transactions should be entered at the time of deposit or check writing and use the bank feed to match the entered transactions.

While the findings listed above require immediate corrective action, I have also observed the following minor issues that warrant improvement and incorporation into best practices.

8. There are two types of names lists: donors and vendors. Donors are those we receive money from; vendors are those we pay money to. Ensure the name used is the appropriate type based on the transaction. Example: use vendor names for checks and expenses; use donor names for sales receipts, invoices and deposits.
9. Record "Received From" for all donations. Combining the results from fund raising events into one line makes it difficult to identify who all our donors are. If donations are done pass the hat style and receipts are in cash, use "Various" in the received from field. If receipts are by check or card, detail out each line in the deposit slip and identify each donor. Do not use "Deposit" or the name of the department in the received from field. "Deposit" is not a donor and departments cannot receive funds from themselves.
10. Do not enter transactions directly into the register. Instead, use the Sales Receipt, Invoice, Check, Expense or Deposit form accessed by selection the large + at the top center of the QuickBooks screen.
11. There are still considerable number of transactions that are being entered without a Department or Class being specified. Both fields are required on ALL transactions.
12. Avoid using the top line in the chart of accounts for income or expenses (e.g. 5800, 7200, etc.). Instead, use a lower level account (5820, 7220).

Company Overview

JHS Music and Arts Boosters exists solely for the purposes of supporting the Henry M. Jackson High School and Heatherwood Middle School music and arts programs and their financial needs as determined by their directors. The association has no decision-making authority as to the direction, conduct, curricular or extra-curricular activities of the various programs¹.

The association consists of any and all parents and guardians of band, choir, dance and drama students (groups) and other interested persons who wish to actively contribute to the enrichment of student education at Jackson High School or Heatherwood Middle School in music and the arts. Activities include auctions, car washes, Jazz Festival / concessions, audition recordings, Swing Dance, cookie dough sales, CD / DVD sales, concession sales at dramatic performances, Mystery Dinner, golf tournament among others.

About the Organization

- A regular non-profit corporation (as opposed to an unincorporated association)² incorporated in the State of Washington
- A registered charity with the State of Washington
- A tax-exempt organization under 26 U.S. Code § 501(c)(3)
- A licensed business operating as one organization with separate divisions, or programs, conducting activities independently but each division or program being financially integrated and accountable to the corporation.

Departments in Seniority Order

- JHS Band Boosters
- JHS Choir Boosters
- JHS Drama Boosters
- JHS Dance Boosters
- Heatherwood Band Boosters
- Heatherwood Choir Boosters
- JHS Orchestra Boosters

¹ Articles of Association, January 13, 2003; Standing Rules, as amended, October 13, 2011.

² A corporation is an independent legal entity, meaning that it may act as an artificial person separate from the owners and stockholders. A non-profit corporation has no stockholders and is owned by the public. Comparatively, an unincorporated association is typically a gathering of persons, often volunteers, working toward a common purpose.

2018 – 2019 Performance

For the 2018 – 2019 school year, 98% of total expenses went to accomplishing the organization’s exempt purpose. The long-term trend continues to indicate that the organization is consistently applying more of its expenses to program goals than to fundraising or administration. The benchmark for non-profits is 60 - 70%³. The five-year history is displayed in the notes.

Fundraising expenses to related contributions slightly exceeded the recommended maximum of 35% while fundraising and admin expenses to total revenues was well below the United Way’s eligibility criterion of 25% maximum.

Change in Position	2018 - 2019	2017 - 2018
Beginning fund balance	\$54,916	\$49,454
Net Income	\$20,261	\$5,462
Ending fund balance	\$75,177	\$54,916
Revenues		
Contributions in conjunction with fundraisers	\$1,490	\$2,123
Fundraisers	\$8,142	\$20,261
Program service fees	\$39,292	\$22,287
Direct contributions	\$53,959	\$35,172
Total Revenues	\$102,569	\$79,843
Expenses		
Program service expenses	\$68,875	\$49,609
Grants to other organizations	\$5,309	\$15,274
Grants to individuals	\$4,280	\$1,500
Total program service accomplishments	\$78,464	\$66,383
Fundraising expenses	\$314	\$8,771
Management and general	\$3,105	\$877
Total Expenses	\$82,308	\$67,260
Program expenses/total expenses	95%	98%
Fundraising expenses/related contribution revenue	21%	39%
Fundraising and admin expenses/total revenues	3%	12%

³ Standards for Charitable Accountability, BBB Wise Giving Alliance Standards, 2003.

Summary of Accomplishments

September 2018 - August 2019

	Program Service	Grants	Management/ General	Total
Coaching	\$23,006.80			\$23,006.80
Musical	\$13,630.43	\$4,309.21		\$17,939.64
Equipment	\$9,776.62			\$9,776.62
General Program	\$7,165.72	\$1,000.00		\$8,165.72
Clothing	\$7,603.38			\$7,603.38
Scholarships		\$4,250.00		\$4,250.00
Mill Creek Jazz Festival	\$2,925.59			\$2,925.59
Supplies	\$2,042.95			\$2,042.95
Instrument repair	\$1,473.19			\$1,473.19
Choreography	\$1,250.00			\$1,250.00
Bank Charges	\$938.23			\$938.23
In-Kind Expenses	\$768.44			\$768.44
Admin			\$2,167.26	\$2,167.26
Total Program Expenses	\$70,581.35	\$9,559.21	\$2,167.26	\$82,307.82
Non-operating Expenses				
Total Expenses	\$70,581.35	\$9,559.21	\$2,167.26	\$82,307.82

Fundraising Activity

September 2018 - August 2019

A total of eight fund raising events took place between September 2018 and August 2019. Each group did some form of annual giving campaign, using external vendors such as JustGiving or a form of pass the hat. Annual campaigns, while intended to raise funds, are not considered special fundraising events and are not listed below. Revenues from these campaigns are listed under Contributions.

Special fundraisers included clothing collections, selling concessions at various events, car washes, raffle, MOD fundraiser and swing dance, among others.

Event	Concessions	Textile Drive	Car Wash	Raffle	Clothes for the Cause	Others	Total
Income							
5800 Special fundraising events							
5810 Non-gift revenue	\$5,161.54	\$1,371.71		\$614.05		\$995.15	\$8,142.45
5820 Gift revenue			\$911.00		\$568.62	\$10.00	\$1,489.62
Total Revenue	\$5,161.54	\$1,371.71	\$911.00	\$614.05	\$568.62	\$1,005.15	\$9,632.07
5830 Special fundraising events - Costs							
5831 Rent/Facility Cost							
5832 Food and Beverage	(\$230.39)		(\$84.04)				(\$314.43)
5833 Entertainment							
5835 Donor Development Expense							
5839 Other Direct Expenses							
Total Costs	(\$230.39)		(\$84.04)				(\$314.43)
Total Special fundraising events	\$4,931.15	\$1,371.71	\$ 826.96	\$ 614.05	\$ 568.62	\$1,005.15	\$9,317.64

Profit and Loss

September 2018 - August 2019

	NOTES	Sep 2018 - Aug 2019	Total Sep 2017 - Aug 2018 (PY)
INCOME			
4 Contributed support	2	53,959.44	35,171.98
5 Earned revenues	3	39,292.18	22,286.91
5200 Dues	4	1,575.00	1,650.00
5800 Special fundraising events	5	9,317.64	13,612.85
Total Income		104,144.26	72,721.74
GROSS PROFIT		104,144.26	72,721.74
EXPENSES			
7000 Program Service Expenses	6	68,874.68	48,824.26
7200 Grants	7	9,559.21	16,774.20
8500 Misc expenses (non-Program)	8	4,680.49	1,636.54
8540 In-Kind Gift Expense		768.44	
8699 Bad Debts			25.00
Total Expenses		83,882.82	67,260.00
NET OPERATING INCOME		20,261.44	5,461.74
NET INCOME		\$20,261.44	\$5,461.74

Balance Sheet

As of August 31, 2019

	NOTES		Total
		As of Aug 31, 2019	As of Aug 31, 2018 (PY)
ASSETS			
Current Assets			
Bank Accounts			
1010 Cash in bank (990 line 45)	9	73,827.07	55,665.63
1020 Cash Drawer		100.00	0.00
Total Bank Accounts		73,927.07	55,665.63
Accounts Receivable			
1110 Accounts receivable		250.00	0.00
Total Accounts Receivable		250.00	0.00
Other Current Assets			
1700 Prepaid Expenses		3,000.00	
Total Other Current Assets		3,000.00	0.00
Total Current Assets		77,177.07	55,665.63
Fixed Assets			
1440 Fixed Assets		16,915.05	16,915.05
1450 Accumulated Depreciation		-16,915.05	-16,915.05
Total Fixed Assets		0.00	0.00
TOTAL ASSETS		\$77,177.07	\$55,665.63
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 Accounts payable		2,000.00	750.00
Total Accounts Payable		2,000.00	750.00
Total Current Liabilities		2,000.00	750.00
Total Liabilities		2,000.00	750.00
Equity			
3000 Unrestricted Net Assets (retained earnings) (990 line 21 & 67)		46,644.88	49,453.89
3008 Unrestricted net assets	10	8,270.75	0.00
Net Income		20,261.44	5,461.74
Total Equity		75,177.07	54,915.63
TOTAL LIABILITIES AND EQUITY		\$77,177.07	\$55,665.63

Grants to Other Organizations

September 2018 - August 2019

Date	Transaction Type	Num	Adj	Name	Memo/Description	Amount	Balance
Heatherwood Middle School							
11/16/2018	Check	1082	No	Heatherwood Middle School	Check 1082	739.21	739.21
Total for Heatherwood Middle School						\$739.21	
JHS ASB							
05/14/2019	Check	1258	No	JHS ASB	Senior Dinner	1,000.00	1,000.00
Total for JHS ASB						\$1,000.00	
Not Specified							
10/24/2018	Check	1021	No	JHS Building Budget	Check 1021	3,570.00	3,570.00
Total for Not Specified						\$3,570.00	
TOTAL						\$5,309.21	

Notes

1. This schedule displays detailed breakdowns of any sub-accounts for line items.

2. 4 Contributed support

		Total
	Sep 2018 - Aug 2019	Sep 2017 - Aug 2018 (PY)
4 Contributed support		
4010 Indiv/business contribution (990 line 1a)	28,694.83	30,643.11
4011 Donor-directed Contributions	12,500.00	
4015 Corporate Gift Matching	11,996.17	4,528.87
4130 Gifts in kind - goods	768.44	
Total 4 Contributed support	53,959.44	35,171.98

3. 5 Earned revenues

		Total
	Sep 2018 - Aug 2019	Sep 2017 - Aug 2018 (PY)
5 Earned revenues		
5180 Program service fees (990 line 2)	39,292.18	22,286.91
Total 5 Earned revenues	39,292.18	22,286.91

4. 5200 Dues

		Total
	Sep 2018 - Aug 2019	Sep 2017 - Aug 2018 (PY)
5200 Dues		
5210 Membership dues - individuals (990 line 3)		1,650.00
5220 Assessments & dues - orgs	1,575.00	
Total 5200 Dues	1,575.00	1,650.00

5. 5800 Special fundraising events

		Total
	Sep 2018 - Aug 2019	Sep 2017 - Aug 2018 (PY)
5800 Special fundraising events		
5810 Special fundraising events - non-gift rev (990 line 6a)	8,142.45	20,261.01
5820 Special fundraising events - gift revenue (990 line 1a)	1,489.62	2,123.00
5830 Special fundraising events - Costs		
5831 Rent/Facility Cost		-5,562.26
5832 Food and Beverage	-314.43	-146.04
5833 Entertainment		-75.00
5839 Other Direct Expenses		-2,987.86
Total 5830 Special fundraising events - Costs	-314.43	-8,771.16
Total 5800 Special fundraising events	9,317.64	13,612.85

6. 7000 Program Service Expenses

		Total
	Sep 2018 - Aug 2019	Sep 2017 - Aug 2018 (PY)
7000 Program Service Expenses		
7010 Program-related expenses (990 line 10)	34,413.08	35,564.26

11. 5 Year Revenue and Program Service Ratio

5 Year Revenue and Program Service Ratio

