



# Finance and Banking Policies

## **FUND TYPES**

**LREF General Funds** – General LREF funds belong to LREF for use as approved by the LREF Board of Directors for the teacher grant program, other school grants, operating expenses or other items as deemed necessary for the operation of the foundation. Sources of these funds include fundraisers planned and organized by the LREF Board or appointed committee and direct donations. These funds are to be deposited into the LREF general bank account.

**LREF Designated Funds** – Designated Funds belong to LREF and are to be used as designated by the donor. These funds are to be deposited into the LREF general bank account.

**School Specific Funds** – School Specific Funds are those deposited directly into the school bank accounts. Sources of these funds include fundraisers planned and organized by school parent committees and direct donations. School specific funds belong to the school and the LREF Board of Directors cannot spend these funds for general LREF use. The School Specific Bank Accounts are to be used for fund raising for which other school accounts are not appropriate. Types of items that are deemed appropriate include fundraising for grade specific items, such as music education for kindergarten, science camp for 5<sup>th</sup> grade, fieldtrips for specific groups of students not funded by PTA and other items as deemed appropriate by the school principal in conjunction with LREF President and LREF Treasurer. Funds from PTA fundraisers and direct donations to the school should not be deposited into these accounts.

## **LREF GENERAL AND DESIGNATED FUNDS**

### **BANK ACCOUNTS**

All money must be deposited in account at a bank approved by the executive board. If the bank issues an ATM card for an account, the use of that card must be restricted to deposits only. The ATM card cannot be used for withdrawals.

The IRS considers all funds in not-for-profit accounts to belong to the entity regardless of source. LREF may handle only those funds over which it has full control and the total amount must be declared as gross income to the foundation. All funds in the foundation accounts must have approval for disbursement.

### **DEPOSITS**

All deposits submitted to the treasurer for deposit into the LREF General Bank Account shall include the following:

- Completed LREF Deposit Form attached to copies of all checks for deposit

- Checks made payable to LREF and cash for deposit

Please allow a minimum of 10 business days from date deposit is forwarded to LREF until date of payment request to allow for check clearing.

### **AUTHORIZATION PROCEDURE**

Authorization for expenditure of funds must be made by the LREF Board of Directors. All bills presented to the treasurer must include proof of money spent, such as an invoice or dated cash register receipt. Bills should include a completed LREF Payment request authorization form. Please allow a minimum of five business days after submission for a payment request to be processed.

### **RETURNED NON SUFFICIENT FUNDS CHECKS**

A letter to the check writer will be sent by the LREF Treasurer requesting payment plus a \$5.00 processing fee for all checks returned for non-sufficient funds (NSF). If applicable, LREF will withhold delivery of tickets or merchandise until the amount of the NSF check has been collected.

### **EMERGENCY RESERVE**

In planning the budget, the foundation may have a contingency reserve for the following reasons:

- Efficient management of funds;
- Reserve to plan events
- Monies to finance long-term or unexpected, but approved projects or programs.

### **PROVIDING DOCUMENTATION TO DONORS**

State and federal law requires that tax-exempt charitable organizations provide receipts or other forms of documentation of contributions for donors that exceed certain thresholds. Failure to comply may result in denial of deductions for donors and the imposition of penalties on the organization.

LREF will provide donors who contribute cash or in-kind contributions of \$250 or more written acknowledgement including the LREF Federal Tax ID number.

### ***Quid Pro Quo Contributions***

Payments made partly as a contribution and partly for goods and services provided to the donor from the charity are known as quid pro quo contributions. For example, when a donor pays \$100 for a concert ticket that would normally be valued at \$40, \$60 would be tax deductible. The quid pro quo contribution is the total amount paid, not the deductible amount. Therefore, in this case, because the donor paid \$100, a disclosure statement must be provided.

Upon receiving a quid pro quo contribution of \$75 or more, LREF will provide written acknowledgement that quantifies the value of the donation (cash-equivalent) and document how the donation was received (cash, goods or services). When appropriate, LREF will disclose on flyers, invitations or other media the excess of the purchase price in-excess of the goods or services provided.

### ***LREF Funds vs. Other Public Monies***

Only LREF funds shall be deposited into the LREF bank account(s). LREF shall not act as a depository for funds of other organizations other than those schools as designated in the LREF Bylaws and Minutes of the Meetings of the Board of Directors. Funds belonging to outside groups shall not be commingled with foundation funds in any way. If LREF sponsors a project or program in cooperation with another organization, all funds shall be accounted for and separated prior to the immediate deposit of the LREF portion into the LREF bank account. All funds deposited in the LREF account become the property of LREF.



## Finance and Banking Policies – School Specific Funds

School Specific Funds are those deposited directly into the school bank accounts. Sources of these funds include fundraisers planned and organized by school parent committees and direct donations. School specific funds belong to the school and the LREF Board of Directors cannot spend these funds for general LREF use. The School Specific Bank Accounts are to be used for fund raising for which other school accounts are not appropriate. Types of items that are deemed appropriate include fundraising for grade specific items, such as music education for kindergarten, science camp for 5<sup>th</sup> grade, fieldtrips for specific groups of students not funded by PTA and other items as deemed appropriate by the school principal in conjunction with LREF President and LREF Treasurer. Funds from PTA fundraisers and direct donations to the school should not be deposited into these accounts.

### **BANK ACCOUNTS**

All school specific money must be deposited in account for that specific school at a bank approved by the executive board. If the bank issues an ATM card for an account, the use of that card must be restricted to deposits only. The ATM card cannot be used for withdrawals. LREF provides **banking services only** for these accounts. Accounting for these funds, including how much money was raised, which parents have participated, dates amounts are due and what expenses have been paid is to be maintained by the school representative or event chairperson. LREF is not responsible for accounting for these events or determining what amounts are due and when.

### **BANKING FORM**

If LREF is to be used for banking services by a school or parent committee of such school, a completed Banking Form is to be provided to the LREF President and/or Treasurer prior to the beginning of the fund raising effort. This is to ensure that LREF resources will be available and that LREF is the appropriate depository for such funds.

### **DEPOSITS**

All deposits submitted to the treasurer for deposit into the School Bank Account shall include the following:

- Identification of the fundraiser, ultimate use of funds and school year.
- Completed LREF Deposit Form attached to copies of all checks for deposit
- Checks made payable to **LREF - <school name>** and cash for deposit

Please allow a minimum of 10 business days from date deposit is forwarded to LREF until date of payment request to allow for check clearing.

### **AUTHORIZATION PROCEDURE**

Authorization for expenditure of funds must be made by the Event Chairman or other designated representatives as listed on the Banking Form. All bills presented to the treasurer must include proof of money spent, such as an invoice or dated cash register receipt. Bills should include a completed LREF Payment request authorization form. Please allow a minimum of five business days after submission for a payment request to be processed.

### **RETURNED CHECKS**

The school representative or event chairperson is responsible for collecting on all uncleared checks. It is suggested that the school withhold delivery of tickets or merchandise until the amount of the uncleared check has been collected. All banking fees related to such uncleared check(s) shall be deducted from the respective events' available funds.

### **PROVIDING DOCUMENTATION TO DONORS**

State and federal law requires that tax-exempt charitable organizations provide receipts or other forms of documentation of contributions for donors that exceed certain thresholds. Failure to comply may result in denial of deductions for donors and the imposition of penalties on the organization. LREF will provide donors who contribute cash or in-kind contributions of \$250 or more written acknowledgement including the LREF Federal Tax ID number.

### ***Quid Pro Quo Contributions***

Payments made partly as a contribution and partly for goods and services provided to the donor from the charity are known as quid pro quo contributions. For example, when a donor pays \$100 for a concert ticket that would normally be valued at \$40, \$60 would be tax deductible. The quid pro quo contribution is the total amount paid, not the deductible amount. Therefore, in this case, because the donor paid \$100, a disclosure statement must be provided.

Upon receiving a quid pro quo contribution of \$75 or more, LREF will provide written acknowledgement that quantifies the value of the donation (cash-equivalent) and document how the donation was received (cash, goods or services). When appropriate, schools should disclose on flyers, invitations or other media the excess of the purchase price in-excess of the goods or services provided.