

INDEPENDENT AUDIT REPORT

Organization: Douglas Elementary PTO

EIN: 88-0699699

Audit Period: July 1, 2024 – June 30, 2025

Completed by: Heidi Hunt

Date Completed: October 31, 2025

The following documents were reviewed:

1. Bylaws
2. Minutes
3. Bank Statements and Reconciliations
4. Treasurer Reports
5. Signed Conflict of Interest Policy

As an independent reviewer of the financial recordkeeping practices of The Douglas Elementary School PTO, I conducted a thorough examination of key financial and governance documents to assess the transparency, accuracy, and overall compliance of the organization's financial practices. My review encompassed the PTO's bylaws, meeting minutes, bank statements and reconciliations, and the treasurer's reports. The 2024 IRS Form 990 had not been filed at the time of the audit. The purpose of this audit is to provide an objective overview of the financial processes currently in place, highlight any areas where adjustments may enhance clarity or compliance, and offer recommendations that may strengthen future recordkeeping. The following report outlines findings, suggestions, and any questions identified during this review.

Random Check Review:

A random sample of cleared transactions was performed. The audit reviewed the following transactions, including supporting documentation (ie reimbursement request, invoice or receipt). All documentation was available for review and there was no missing supporting documentation.

Statement Cycle	Transaction Type	Payable To	Amount
August 2024	Check #272	Douglas Elementary	\$124.55
September 2024	Check #244	Amy Reckley	\$200.00
September 2024	Debit Purchase from #6856	Pentiuk Couvreur & Ko	\$20.00
October 2024	Debit Purchase from #5830	Michigan Theatre	\$60.00
October 2024	Check #288	Friends of SMS	\$5,404.94
December 2024	Debit Purchase from #5830	Michigan Theatre	\$60.00
December 2024	Check #294	Holland Aquatic Center	\$5,500.00
March 2025	Check #309	Saugatuck Public Schools	\$515.00
May 2025	Check #318	Saugatuck Public Schools	\$9,900.00
May 2025	Check #325	Anna Mansaray	\$250.00
June 2025	Bill Pay	Saugatuck Public Schools	\$2,794.35

Findings:

1. **Repeat Finding Regarding Budget Approval.** The September 2024 meeting minutes state that the budget will be voted on after earnings from Walkathon are considered. The October 2024 minutes share the final results of the Walkathon fundraising efforts and that a working budget was shared. However, no formal vote was documented within the minutes. The Bylaws state that the Treasurer must present a proposed budget at the first regularly scheduled Board meeting for approval. Since the fiscal year begins in July, the proposed budget should be presented to the Board for review and approval at the first regularly scheduled Board meeting, rather than several months into the new fiscal year. If fundraising outcomes, such as Walkathon proceeds, significantly impact available

funds, a revised budget could later be presented to the Officers of the Corporation to reflect any surplus or shortfall.

2. Per Bylaw Section 9.1, the Corporation should follow the Robert's Rules of Order and formalize the voting process, noting in the minutes who made the motion, who seconded the motion and that the motion passed unanimously or if there was anyone who abstained or was opposed to the motion.
3. Although permissible within the Bylaws under Article XI, Section 11.3 Deposits, if funds are invested, monthly reporting is required and should be submitted to the Board for review. If the Corporation intends to invest funds in interest earning accounts, such as Certificates of Deposit, an Investment Policy should be put in place to safeguard the assets of the Corporation. At a minimum, the policy should identify the purpose of the investment, how the investment will be managed, type of permissible investments, duration of investment, and identify who has access to the investment.

Suggestions:

1. It appears that the Corporation has adopted a more formalized reporting structure. The last meeting minutes were reviewed from April 2025; however, financial transactions continued to happen throughout the rest of the fiscal year. To continue with financial oversight throughout the fiscal year, I suggest holding monthly executive committee meetings through the end of the fiscal year with documented minutes and approval of finances and expenses.
2. The Corporation has three debit cardholders on the account. I suggest adopting procedures for debit card controls, including, but not limited to:
 - a. Cardholder agreement be created and signed by debit cardholders acknowledging receipt of the Douglas Elementary PTO debit card. A sample agreement is included as an Addendum to the audit.
 - b. Transaction limits
 - c. Restrict merchant category codes, where possible (block casino/online gambling)
 - d. Disable ATM/cash withdrawals on cards
 - e. Require debit card alerts for all cardholders to mitigate fraud risk
 - f. Maintain cardholder log
 - g. Immediately cancel or suspend card when user leaves the PTO
 - h. Document steps regarding fraud response, such as bank notification, card cancellation, board notification, recovery of funds if misuse is confirmed, police report filing
3. Filing of Form 990 should be done in a timely manner to avoid any complications that may arise when filing. Form 990 is due to be filed on the 15th day of the 5th month following the end of the organization's taxable year.

Comments:

The November 2024 meeting minutes included the audit findings, which were also posted on the Douglas Elementary PTO website. I'd like to commend the PTO for its transparency in sharing this information. Noticeable improvements in record keeping and reporting were observed, along with a few areas identified for continued improvement.

Signature:

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Addendum: Sample Debit Cardholder Agreement for Douglas Elementary PTO

1. Purpose and Use

This card is issued for official PTO business only. All purchases must directly support approved PTO activities, events, or expenses.

2. Cardholder Responsibility

The cardholder is responsible for ensuring that all purchases are reasonable, necessary, and pre-approved when required. The cardholder agrees to maintain receipts and documentation for every transaction. The cardholder agrees to enroll in debit card alerts for fraud mitigation.

3. Spending Limits

- Single purchase limit: \$____
- Monthly limit: \$____
- Cash withdrawals and personal purchases are prohibited.

(Adjust limits as appropriate; stating them here helps avoid misuse.)

4. Receipts and Recordkeeping

Receipts for all transactions must be submitted to the Treasurer within _____ hours of purchase, along with a brief description of the expense (event name, purpose, etc.).

5. Review and Oversight

All transactions will be reviewed during monthly reconciliations by the Treasurer and verified against meeting-approved expenditures. The PTO Board reserves the right to review transactions at any time.

6. Misuse and Repayment

Any unapproved or personal use of the card, whether intentional or accidental, requires immediate repayment to the PTO. Continued noncompliance may result in revocation of card privileges and may be reported to the full Board. Cash withdrawals are prohibited.

7. Lost or Stolen Card

The cardholder must immediately notify the Treasurer and the issuing bank if the card is lost, stolen, or compromised.

8. Termination of Card Use

The card must be returned immediately upon request or when the cardholder's PTO duties conclude. The account will be closed or limits reset by the Treasurer.

9. Acknowledgment

I have read and understand the PTO Debit Cardholder Agreement. I agree to use the card only for authorized PTO expenses and will comply with all requirements listed above.

Cardholder Name (printed): _____

Signature: _____

Date: _____