

# Elmore County Public Schools



## Parent and Support Organizations

### Guidelines and Operating Procedures

Richard Dennis, Superintendent

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## **FOREWORD**

This manual is designed to assist Parent Support Organization's officers and members by providing organizational and financial guidance. Only approved organizations, operating under these guidelines and Elmore County Board of Education District policies and procedures, shall be allowed to use the school name and/or facilities in support of its programs. Specific questions regarding parent/booster activity should be addressed to the campus Principal. The Elmore County Superintendent or his/her designee has approval authority over Booster Clubs.

For the purpose of this policy, a parent organization/booster club is defined as any group:

1. That is organized by parents or district patrons
2. That engages in activities that generate money, goods, support or services
3. That gives or uses money, goods and/or services to support any student school activities

## GENERAL INFORMATION

Parent Support Organizations are school related organizations established to promote school programs or complement student groups or activities. A Parent Support Organization's purpose may be to support a student group or program at a particular school or various student groups or programs at various schools. Students enrich their education and expand their horizons when they participate in school activities and programs. Therefore, the district greatly appreciates the time, effort, and financial support that the Parent Support Organizations provide to our students.

Specific guidance for ***School Related Organizations*** was issued by the Alabama State Department of Education in a memorandum dated November 8, 2007 (Appendix A). Parent Support Organizations and School Districts are required to follow the guidelines specified in the memorandum.

## STUDENT ORGANIZATIONS

Student clubs and classes are usually recognized as school activities. The student officers and faculty sponsor operate the organization while the school principal acts in a fiduciary capacity over the organization's funds. The school's accounting records contain a separate activity account in the school books to record the financial operations of each student organization. Income from the student organization is recorded by receipts and deposited in the school bank account. The school principal approves the purchase orders, signs the checks, and maintains the supporting documents for the expenditures. Some organizations consisting of students from the school may not be school activities. Some students belong to social organizations that operate off-campus.

Community recreation leagues may consist solely of the school's students and operate under other entities that are not under the control of the school. Although the activities of these organizations may benefit the school's students, these organizations have a ***separate employer identification number (EIN), a separate mailing address, and maintain their own records and accounts.***

## ATHLETICS

School athletics are extra-curricular activities that must be under the control of the school principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity. Funds received to support an athletic activity at a school from sponsors, vendors, or other sources must be included in the school's financial records under the fiduciary control of the school principal. Funds from gate receipts and other sources may be recorded in one or more separate accounts for a particular sport in the school's financial records. However, a separate account for each sport is not required. When athletic events are held on locations other than school property, the school principal's control over the financial operations of the event, including ticket sales, concessions, and parking fees, will be determined by agreement with the entity in control of the event location.

## **PARENT ORGANIZATIONS**

Parent and parent/teacher organizations provide a vital role in the education of students. In Alabama public schools, the PTA and the PTO are the most common parent organizations. Both organizations have a national organization that serves the individual school organizations. Each of the national organizations publishes guidance for the financial operations of the individual school organizations. These organizations must have a separate employer identification number (EIN) and a separate mailing address must be a P.O. Box in order to maintain their own record and accounts outside the control of the school. However, these organizations will become school activities if:

- a. Both parties mutually assent to the fiduciary control of the principal, or,
- b. A school employee leads fund-raising or maintains the accounting records for the organization.

## **BOOSTER ORGANIZATIONS**

All school sponsored extra-curricular activities must be under the control of the school. However, booster organizations are often formed to support the operations of these activities in a variety of ways. While providing additional financial support for a particular extra-curricular activity, the volunteers in the booster organizations also enhance community support that often extends to benefit all of the students at a school. Because some of the activities of a booster organization may be intertwined with the extra-curricular activity it supports, some of the organization's activities may be under the fiduciary control of the school principal while other functions of the same booster organization are not school activities. The determination that a particular booster organization is a school activity must be made on a case-by-case basis according to the actual facts and circumstances of the organization's operations at a school. Booster organizations that are on books operate like a club, meaning they have signing authority on purchase orders with approved minutes from members. A member from the executive board can sign for the sponsor of the club and then all pos are approved by school principal.

***These organizations must have a separate employer identification number EIN and a separate mailing address in order to maintain their own records and accounts outside the control of the school.***

However, these organizations will become school activities if:

- a. Both parties mutually assent to the fiduciary control of the principal,
- b. A school employee leads fundraising or maintains the accounting records for the organization.

Specific activities of a booster organization may come under the control of a school principal if:

- a. The organization collects admission to the school function,
- b. The organization collects parking fees for the school function,
- c. The organization operates an activity that includes students it supports or,
- d. The organization operates an exhibition or competition that includes students of the activity it supports.

Any activity held on campus must run through an on the books school account. The party responsible for the activity or event must complete a ticket reconciliation.

Even though a Parent Support Organization works very closely with the District, it is a separate entity from the District. However, the formation of the organization must be approved by an appropriate District Principal or Administrator, through the application provided in (Appendix B).

In addition, a Parent Organization/Booster Club must adhere to various district policies and guidelines, and all federal and state regulatory guidelines. Education is a state function executed through local boards of education. The Superintendent, Board, and Chief School Finance Officer (CSFO) have statutory roles in handling funds. The authority and responsibility related to finance is delegated to local school administrators and others through board policies, directives, procedure manuals and day to day interaction.

The established **lines of authority** for local boards of education are:

- **BOARD OF EDUCATION-** The board of education should adopt policies to govern the establishment and operation of all activity funds. The district's auditors should review these policies for sound accounting and reporting principles.
- **SUPERINTENDENT-** The superintendent should be directly responsible to the board of education for administering all board policies.
- **CHIEF FINANCIAL OFFICER-** The chief financial officer should have overall responsibility for accounting for and reporting all funds, including district and student activity funds, to the board. The chief financial officer is also responsible for implementing and enforcing appropriate internal control procedures.
- **PRINCIPAL-** The principal at each school site should be designated the activity fund supervisor for that school building. The activity fund supervisor has overall responsibility for the operation of all activity funds, including collecting and depositing activity fund monies; approving disbursements of student activity fund monies; and adequately supervising all bookkeeping responsibilities. The activity fund supervisor should be a signatory to all disbursements, including checks drawn on the activity fund.
- **SPONSORS-** The sponsor of each student organization is responsible for supervising all activities of the organization, including approving student activity fund transactions. Sponsors should be employees of the district and under the direct control of the activity fund supervisor.
- **PARENT SUPPORT ORGANIZATION OFFICERS-** The officers of each support organization are responsible for the activities of the organization. They should insure that they follow their organization's bylaws as well as district policies, laws, and regulations related to the operation of their organization.

## ORGANIZATION

### FORMATION OF ORGANIZATION

The Board of Education should approve the formation of all booster and parent support organizations. The organization should complete and submit **the Request to Operate School Club, Booster, and School Organization Form** to the appropriate school district administrator (Appendix B).

UPON APPROVAL, THE ORGANIZATION MUST PREPARE AND SUBMIT THE FOLLOWING:

- a. Organization's Bylaws and Operating Procedures
- b. Officer Information Form
- c. Mailing Address for Organization which must be a P.O. Box

- d. Employer Identification Number (EIN) if applicable
- e. Application for Federal Tax-Exempt Status 501 (c)(3) or (6), if applicable
- f. Proposed budget
- g. Articles of Incorporation filed with Alabama Secretary of State (Recommended)

**NOTE: These requirements are for those organizations who maintain their records and accounts outside the control of the school district. Some of the information above may not be applicable to those organizations whose financial records and accounts are maintained by the school district. The parent support organizations funds maintained on the school books require the school principal to exercise the same legal responsibility for the funds as he does for all other activity funds including the collection and receipting of the organization funds. (Section T 6-248-4) The school district will determine on an individual basis whether the financial operations of a parent organization can be maintained outside the control of the local school. The principal will monitor activities and address any concerns that are brought to their attention.**

### **ROLE OF THE ORGANIZATION**

Parent support organizations shall organize and function in a way that is consistent with the District's philosophy, objectives, and adopted Board policies in accordance with affiliated governing bodies and regulations as applicable.

### **ORGANIZATIONAL BYLAWS**

An organization of parents or community leaders affiliated with a school should develop a constitution and/or bylaws for the organization. Those documents must be in writing and be filed in the principal's office. The school principal must authorize the use of the school's name prior to approving any of the group's activities. The bylaws must address the organizations fiscal year, structure, and the method to be used to elect officers. The rules of membership shall be clearly stated in the bylaws. It is recommended the organizations bylaws contain the following information:

#### **Recommended Bylaws:**

- a. The name of the organization.
- b. The objective of the organization including the statement, "This organization will abide by all school board administrative policies and procedures."
- c. Eligibility for membership and membership enrollment procedures.
- d. Officer selection, election procedures, and duties of each officer.
- e. Bonding documents for signatures from licensed insurance company
- f. The principal or designee who will serve as an ex-officio officer of the organization.
- g. Specific fiscal auditing and accounting procedures established by each organization.
- h. In the event that the organization dissolves or is dissolved by the principal, language indicating how the group will handle remaining funds must be included.
- i. How to amend the bylaws.

Various national parent support organizations supply sample bylaws as a guide for organizations. (See contact list in Appendix G)

## OFFICERS AND DIRECTORS

Only active members in good standing should be permitted to hold office or vote upon any matter of business of the organization. **Employees of the school should not serve in any financial capacity of a booster club or parent organization. Financial capacity includes holding positions of president, treasurer, fund-raising chairperson, or serving as check signer.** Additionally, a school employee nor any immediate family member shall not be a member of the audit committee. At a minimum, the organization shall elect the following officers on an annual basis:

**President.** Typically, the president of an organization is the parent/guardian who has been active in the organization.

The major duties include, but are not limited to the following:

- a. Preside at all meetings of the organization;
- b. Regularly meet with the designated campus representative regarding the organization's activities;
- c. Resolve problems in the membership;
- d. Regularly meet with the treasurer of the organization to review the organizations financial position;
- e. Schedule annual audit of records or request an audit if the need should arise during the year;
- f. Perform any other specific duties as outlined in the bylaws of the organization.

**Vice-President.** The vice-president acts as the president's representative in his/her absence. They must remain familiar with the organization. The major duties include, but are not limited to, the following:

- a. Preside at meetings in the absence or inability of the president to serve;
- b. Perform administrative functions delegated by the president;
- c. Perform other specific duties as outlined in the bylaws of the organization.

**Secretary.** The secretary is responsible for keeping accurate records of the proceedings of the organization and reporting to the membership. The secretary must ensure the accuracy of the minutes of the meetings, and have a thorough knowledge of parliamentary law and the organization's bylaws. The major duties include, but are not limited to, the following:

- a. Report on any recommendations made by the executive board of the organization if such a governing board is defined by the bylaws;
- b. Maintain the records of the minutes, approved bylaws and any standing committee rules, current membership and committee listing;
- c. Record all business transacted at each meeting of the organization as well as meetings of any executive board in a prescribed format;
- d. Maintain records of attendance of each member;
- e. Conduct and report on all correspondence on behalf of the organization;
- f. Other specific duties as outlined in the bylaws of the organization.

**Treasurer.** (*Duties of treasurer will depend on whether the financial records are inside or outside the local school books.*) The treasurer is the authorized custodian of the funds of the organization. The treasurer receives and disburses all monies indicated in the budget and prescribed in the local bylaws or as authorized by action of the organization. All club officers and persons authorized to handle funds of the association should be covered by a fidelity bond in an amount based upon the organization's annual income and



determined by the executive board. Individuals authorized to sign on the organization's bank account cannot be related by blood or marriage or reside in the same household.

The major duties include, but are not limited to, the following:

- a. Serve as chairperson of the Budget and Finance Committee if prescribed within the bylaws of the organization;
- b. Issue a receipt for all monies received and deposit said amounts on a weekly basis (daily if receipts on hand exceed \$250.00);
- c. Present a current financial report to the executive committee and general membership within thirty days of the previous month end;
- d. File current financial reports with the campus principal on **a semi-annual basis**.
- e. Maintain an accurate and detailed account of all monies received and disbursed;
- f. **Reconcile all bank statements monthly** as received and resolve any discrepancies with the bank immediately;
- g. File annual IRS form 990 in a timely manner and any other required reports;
- h. Submit records to audit committee appointed by the organization upon request or at the end of the year;
- i. Submit required documentation to the local school bookkeeper who will submit these to the Central Office as requested by State Examiners;
- j. Other specific duties as outlined in the bylaws of the organization.

*Due to the increasing requirements placed on charitable organizations by the Internal Revenue Service, it is strongly recommended that the treasurer have an accounting background.*

## **ELECTION OF OFFICERS**

The election of officers of the organization will occur annually within the timelines and manner prescribed by the organization's bylaws. Annual election of officers should take place so that the newly elected officers may be in place for the start of the next school year. The transfer of records and audit of the accounts should be completed no later than thirty days after election of officers.

## **MEETINGS/RECORD KEEPING/RULES FOR DISSOLUTION**

**Standards for Meetings.** Business will be conducted in open meetings, with adequate notification of all meetings to all members, and summary of proceedings kept. Notice of all general meetings of the booster club/parent organization should be published at the campus prior to the meeting date. There should be at least a two-day window prior to meeting date. In order to provide an optimum level of communication and teamwork, meetings should preferably be held in the presence of the campus principal or his/her designated school sponsor. If a representative of the school is not present, notification in writing of any official action should be submitted to the school representative the next business day. On book clubs and organizations should have a sponsor present and off books clubs and organizations are highly encouraged to have coaches, sponsor or administrative staff present.

**Recordkeeping.** The secretary and treasurer of the organization shall turn records over to the incoming officers within 30 days of election. Records should be kept for a period of three (3) years for audit purposes. The club/organization should decide with the local school or private company for storage of organizations records. It is recommended that a copy of all records be kept in electronic format and stored

away from the original records. **An annual review of the accounting records is highly recommended prior to a transition in leadership. This ensures new leadership is taking over accurate accounting records and are in balance.**

**Rules for Dissolution.** To dissolve a booster club/parent organization, a resolution should be adopted by the booster club/parent organization (or the executive board if the organization is inactive) stating that the question of such a dissolution be submitted to a vote at a special meeting of the members having voting rights. At least 30 days prior to the meeting, written or printed notice shall be given to each member entitled to vote stating that the purpose of such meeting is to consider the advisability of dissolving the club/organization. The booster club/parent organization must determine the distribution and usage of treasury monies and other assets in accordance with its bylaws before dissolution. In order to comply with Internal Revenue Service guidelines, care should be taken to ensure that excess funds are distributed within the framework of the club's/organization's original purpose - i.e. band booster funds would remain with the musical program at that particular campus. Any other distribution of funds could void the club's/organization's tax-exempt status and force it into a fully taxable situation.

#### **LIABILITY INSURANCE**

Booster clubs/Parent organizations may consider the purchase of liability insurance to protect the organization and its members. Coverage to be considered should include general liability, officer's liability, business personal property (if the organization owns property), and fidelity.

## **ADMINISTRATIVE GUIDELINES**

#### **RELATIONSHIP WITH SCHOOL BOARD**

- Parent Support Organizations must adhere to various district policies and guidelines as well as federal and state laws and regulatory guidelines. Only approved organizations, operating under the School District policies and procedures shall be allowed to use the school name and/or facilities in support of its programs. Any rules and regulations developed for the organization must conform to the law, the board of education's policies and regulations, and the school site's rules and procedures.
- Fundraising at any school site is directly under the control of school authorities, such as the site administrator, and ***must be approved by at least the site administrator prior to any activity*** (Appendix E)
- If superintendent/board considers it necessary, he or she may exercise the right to revoke the booster club's authorization to conduct activities in the district or require the organization to come under the school's financial controls for a probationary period.

Specific questions regarding booster/parent activity should be addressed to the campus Principal or designee.

## **LAWS**

Booster and Parent Support Organizations must adhere to all federal, state, and local laws and well as state and local administrative policies and procedures. It is the responsibility of the officers to ensure the organization is following such laws and policies. There are several regulatory agencies that govern these organizations and their operations to include:

- Alabama State Department of Education
- Alabama Ethics Commission – Guidelines for Public Officials and Employees
- Alabama Building Commission
- Alabama Attorney General's Office
- Local Board of Education
- Internal Revenue Service – IRS Publication 557 Tax Exempt Organizations

## **TRAINING**

All officers of the organization should go through an annual orientation with the Superintendent/Chief School Finance Officer or their designee on the district's policies and procedures related to the operations of support organizations

## **CONTRACTS/LOANS**

Boards of Education in Alabama can only incur debt through the issuance of its warrant(s); in most instances under Alabama law, the issuance is subject to the prior approval of the State Superintendent and the warrant(s) must be issued in the form and executed and delivered in accordance with the applicable provisions of the Alabama Code. The local school principal does not have the authority to sign contracts or notes incurring debt of the school or the district. There is no authorization for Parent Support Organizations to borrow money in the schools or local boards name or obligate future revenues of the organization. Any loan obtained by the organization would be a personal loan by individuals signing the note.

Parent Support Organizations that are on books do not have the authority to enter into any type of contract on behalf of the Board of Education or the authority to enter into any type contract related to use of board property or equipment. If the parent or support organizations is off books, they can on behalf of their organization.

## **FUNDRAISING GUIDELINES**

All community and school support organization fundraising efforts shall fall within federal, state, and District guidelines and shall be for the purpose of supporting the school program or group activity for which the organization was formed. All parent support organizations shall obtain the approval of the campus principal for all fundraising events prior to the start of the event (Appendix E).

Revenues generated from fundraising activities by tax-exempt organizations should benefit the organization. The sponsored student group, or student activity area as a whole, and as individuals, can profit from fundraiser proceeds if detailed record keeping is in place to track a person's revenue. Any profits from fundraising activities that are not spent for a booster clubs' nonprofit exempt purpose cannot be returned directly to members or their families.

Tax-exempt organizations may not require people to participate in fundraisers. Benefits given by a parent organization cannot be distributed based on participation in a fund-raiser or based on revenues individually generated in a fundraiser. Therefore, a person cannot be denied the opportunity to receive a benefit because of lack of participation in a fundraiser or because a specified amount of revenue was not raised.

At the completion of the fundraiser a Fundraiser Reconciliation Form (Appendix E) should be completed and filed to report the results of the activity.

### **GAMES OF CHANCE**

Games of chance are generally disallowed in Elmore County. Organizations should exercise extreme caution related to raffles and other games of chance as fundraisers. Any fundraising activities involving games of chance (i.e. raffles, bingo, split the pot, drawdowns) should be referred to the Board's attorney for review by Elmore County Board of Education. Please refer to Attorney General's Opinion 89-00168 and the 2009 Memorandum on Raffles before planning any fundraising activity such as this (Appendix H).

### **SELF -WORK PROJECTS**

Any structure built on board property must follow federal, state and local laws regarding building construction, building codes, and inspections. The Alabama Building Commission is authorized as the state agency for buildings and construction on school campuses. Organizations planning to assist with building projects on the district's campuses must following the following guidelines:

- Any building and/or building/land improvement on a school district campus shall be approved by the Elmore County Board of Education before any work begins
- The Project Coordinator for the ECBOE should be in charge of the project
- Project must comply with Building Commission requirements
- Full professional design team required
- Plan review and approval required
- Architect required to perform inspections
- Building Commission will conduct required inspections including Pinal Inspection
- Compliance with Public Works Law or Competitive Bid Law will be applicable in most situations

All projects should follow the same process regardless of funding.

Note- Consideration should also be given to the annual operating cost associated with any new structures (utilities, insurance, annual maintenance etc.)

## **REPORTING REQUIREMENTS APPLICABLE TO ORGANIZATIONS THAT MAINTAIN THEIR FINANCIAL OPERATIONS OUTSIDE THE CONTROL OF THE SCHOOL/SCHOOL DISTRICT**

### **EMPLOYER IDENTIFICATION NUMBER (EIN)**

Every organization whose financial operations are outside the control of the school must obtain an EIN, even if it will not have employees. The EIN is a unique number that identifies the organization to the Internal Revenue Service (IRS). Since booster clubs/parent organizations are separate entities from the

District, booster clubs/parent organizations cannot use the District's EIN. An organization is not automatically considered tax-exempt by acquiring an EIN. All organizations must first apply for an EIN to be recognized as a unique entity and then apply for tax-exempt status. Likewise, the mere fact that an entity is organized as a non-profit organization does not indicate that it is exempt from federal tax. Booster clubs/parent organizations may obtain an EIN by following instructions for Form SS-4 – Application for Employer Identification Number found on the IRS website.

### **501(C) INFORMATION**

Formation of a non-profit corporation does not necessarily entitle the organization to exemption from federal taxes. Organizations should apply for tax-exempt status. In order to be exempt from federal taxes, the booster club/parent organization must apply for this status on Form 1023 Application for Recognition of Exemption under Section 501(c)3. General instructions on the rules and procedures can be found in IRS Publication 557 – Tax-Exempt Status for Your Organization. These documents are available on the Internal Revenue Service website at <http://www.irs.gov/pub/irs-pdf/p557.pdf>.

### **FIDELITY BOND**

The organization should provide proof of a fidelity bond (dishonestly bond) for the organization's officers and any person handling the organizations funds on an annual basis. The bond should also cover any other individual who is an authorized signer on the bank account. The amount of the fidelity bond should be a minimum of the annual gross revenues of the organization.

### **ANNUAL AUDIT**

On a semi-annual basis, an internal audit of the organization's financial records should be conducted. The school board has the authority to determine who will conduct the audit. The audit can be performed by an external auditor or the audit can be performed by individuals who are independent from day-to-day financial activities. Ideally, this audit should be performed by a group of three individuals; however, if the membership size does not allow, the audit may be performed by two individuals (Appendix J).

The primary objectives of the audit are to:

- Verify the accuracy of the Treasurer's financial reports;
- Ensure that the club's cash balances are accurate;
- Determine that established procedures for handling funds have been followed;
- Ensure that expenditures occurred in a manner consistent with the organization's bylaws; and
- Ensure that all revenues have been appropriately received and recorded and deposited in a timely manner.

All members of the audit committee shall sign a statement indicating their agreement with the findings detailed in the report. The audit committee shall make a report to the general membership upon completion of the audit. Any discrepancies noted shall be brought to the attention of the president of the organization and school designee and any solutions prior to presentation. All officers of the organization shall make records available as requested by the committee. Sample audit procedures are included in (Appendix F) of this document however the format of the final report will be determined by the audit committee. Copies of final audit report must be submitted to the local school bookkeeper, who will provide to the CSFO or designee **by November 1<sup>st</sup>** of each year.

All records of the organization shall be made available to the district upon request and the district has the authority to conduct internal audits if deemed necessary.

## ANNUAL FILING REQUIREMENTS

Each organization should be familiar with all federal, state and local annual filing requirements. Every organization whose financial operations are outside the control of the school/school district must provide the following information:

- **Financial Records** – The organization shall make its financial records available to the school's auditors and authorized school employees upon request. The organization shall provide required financial reports for the period October 1st thru September 30th **by November 1<sup>st</sup>** of each year. See the Yearly Submission Checklist Form. (Appendix I)
- **IRS Form 1099 Requirements** – Internal Revenue Service guidelines require that all payments for services in excess of \$600.00 made to an individual by a booster club/parent organization be reported on a form 1099 on an annual basis. The booster club/parent organization must secure an IRS form W-9 from the provider at the time of service to ensure that the organization has an accurate record of the tax payer identification number. The organization must then issue a Form 1099 to all qualifying vendors performed in the calendar year by January 31st. Information can be found on the IRS web site at: <http://www.irs.gov/pub/irs-pdf/1099msc>. **(NOTE: All ECBOE employees shall be paid through the district's payroll department and not issued a 1099. No one should ever be paid in cash.)**
- **Annual 990 Information Return** – In general, exempt organizations are required to file annual returns, although there are exceptions. If an organization does not file a required return or files late, the IRS may assess penalties. In addition, if an organization does not file as required for three consecutive years, it automatically loses its tax-exempt status. Each organization should be familiar with requirements for filing the annual Form 990 information return with the IRS. Information can be obtained at: <http://www.irs.gov/pub/irs-pdf/990.pdf>.
- **Sales Tax Exemption** – Parent support organizations are generally not exempt from sales tax. Organization are not allowed to use the Districts sales tax exempt number. Information on sales tax exemptions can be found at the Alabama Department of Revenue website at: <http://www.ador.alabama.gov/>

## FINANCIAL PROCEDURES

### GENERAL FINANCIAL PROCEDURES

The organization should have established financial and audit procedures defined in its bylaws. Support organizations are expected to follow the same financial procedures prescribed for the operations of the local school activities. Because of the variety and volume of organizations financial operations each organization should adopt procedures to ensure compliance with state and federal laws as well as local board policies.

- Employees of the school should not serve in a financial capacity of a booster or parent organization. Financial capacity includes holding positions of president, treasurer, fund-raising chairperson, or serving as a check signer. **Bank statements should be reconciled within 30 days of the date of the statement to ensure that possible inaccurate transactions are identified and communicated to the financial institution for correction.**
- Each organization should adopt an accounting package or computerized accounting method

which will meet the needs of the organization for several years. There are a wide variety of computerized accounting packages available to assist the organization in accurately accounting for financial transactions.

- At a minimum, the organization's membership must be provided with a financial statement and bank reconciliation at each meeting. The financial statement should provide a comparison of budgeted versus actual expenditures and receipts. Cash receipts and disbursement reports must be available for review when needed or during the annual audit.
- Financial documents requested by the school principal or activity sponsor must be provided **within 10 days** of said request.

### **INTERNAL CONTROL PROCEDURES**

In order to protect the organization, its members, and its financial well-being, standard internal controls must be in place. The following is a summary of basic internal controls necessary to prevent the loss of funds through carelessness, mistakes, or misappropriation. The principal should investigate if any suspicious activities occur or reported.

### **CONTROLS OVER BANK ACCOUNTS**

Parent Support Organizations are required to establish a checking account with the organization's EIN number at a bank or credit union. Neither a person's social security number nor the District's EIN number can be used to set up a bank account. Accounts should be established with at least three individuals on the signature card. **(It is required that at all times there be a minimum of 3 individual signers on the account, and as each falls off, a replacement is voted into that position.)** Checks require the signature or authorization of two club officers. Each check must be supported by all supporting receipts and or documentation which will be part of the monthly reconciliation and annual review of financial records.

A designated booster club/parent organization member without signature authority should review the bank statement and its contents for reasonableness and compliance with treasurer reports, the budget, and the ongoing business of the organization. Special attention should be made to outstanding or reconciling items. This member should sign off on the completed bank reconciliation and be appointed by the booster club/parent organization president. Bank statements should be reconciled within 30 days of the date of the statement to ensure that possible inaccurate transactions are identified and communicated to the financial institution for correction. The financial institution is not liable for errors not reported within a specified number of days identified in your banking agreement.

### **CONTROLS OVER CASH AND RECEIPTS**

All cash collections received by the booster club/parent organization for program costs, dues, fundraising, etc. must be deposited upon receipt and intact. Deposits shall be made daily if the total receipts on hand exceed \$250.00. If daily receipts are less than \$ 250.00, deposits shall be made within one week even if the receipts for all days combined are less than \$250.00. All money must be deposited prior to holidays and weekends regardless of the amount. The use of night deposit boxes is highly recommended. Deposits must be supported by some type of record documenting the source and amount of funds (tabulation of monies collected form, cash receipt form, ticket sales record, etc.). Documentation shall be readily available for audit purposes. Cash must be adequately safeguarded at all times. Every effort must be

made to balance funds collected the day of the event, prepare appropriate deposit documentation and submit to a bank night drop for deposit and safekeeping. Money from concession sales should be handled in the same manner. No personal checks should be cashed out of receipts.

### **CONTROLS OVER ELECTRONIC PAYMENTS**

**My School Bucks and Square platforms are acceptable forms of electronic payments for on the books fundraisers. Stripe, Square and Venmo are examples of electronic fundraising or payment methods that are acceptable for off books boosters/parent organizations, as long as proof can be provided that the funds only flow through an organizational bank account and not a personal account. At anytime a school finds personal Venmo's or similar types of platforms being used, the fundraiser is to be terminated immediately for being in violation of procedures.**

### **CONTROLS OVER DISBURSEMENTS**

- a. Only authorized officers should have the authority to submit requisitions for purchases or request for payment. All purchases should be included in the organizations approved budget and voted on and recorded in the organization minutes.
- b. Checks should not be generated without proper documentation (i.e. invoice, original receipts, etc.)
- c. Documentation should also include the signatures from 2 Officers - President, Vice President or a designated representative.
- d. Checks require the signature of a second officer or designated representative.
- e. Bank checks or checks made payable to cash should not be issued. Actual receipts should be required and a reimbursement be processed.
- f. A check should not be signed until filled out in its entirety
- g. All expenses should be paid by check or with cash.
- h. Goods and services should not be paid for in advance.
- i. If startup/change cash is needed, checks should be made payable to the bank and redeposited into the bank account separately from any other funds.
- j. All purchases of equipment should have prior approval by the district.
- k. The use of credit cards is prohibited by a parent or support organization. They may have a check card, tied to their checking account, that can function as a credit card. The bank or issuer of the check card must turn the cash withdrawal function off and a letter must **be issued by August 30<sup>th</sup>, from the bank and submitted to the school and turned into the county office. This is a requirement to keep and use the check card.**



## FUNDRAISERS

Prior to beginning a fundraising campaign, the parent/ support organization **must complete a fundraiser application 10 days prior to the fundraiser start and submit for approval by the campus principal** or board designee. This insures the activity is within the district's policy and provides the school with knowledge of the activities on the campus and helps to avoid the duplication of similar fundraising campaigns during the same period. At the completion of the fundraiser a reconciliation form should be completed along with a financial recap to determine the profitability of the fundraiser. The form should calculate the value of items available for sale or number of tickets sold, and compare to deposits and remaining inventory, if any, to ensure agreement. All members must be made aware that no individual should personally benefit from the activities conducted by the organization. Any profits from fundraising activities that are not spent for a booster club's nonprofit exempt purpose cannot be returned directly to members or their families. (Appendix E)

## BUDGETARY & OVERSIGHT CONTROL

Members should establish and approve a budget at the beginning of the school year. The budget should be filed with the local school principal once adopted by the organization. Actual receipts and disbursements should periodically be compared to the budget. The Treasurer must provide a monthly written financial report to the Board and/or general membership in agreement with the bylaws which should include the bank account balance and the receipt & disbursement activity since the last meeting. The financial report should also include a comparison of budgeted versus actual receipts and expenditures. At the end of the fiscal year, an audit of the booster club's/parent organization's financial records should be conducted. A copy of the signature page detailing the results of the audit must be provided to the local school bookkeeper and forwarded to the district's CSFO by **November 1<sup>st</sup>** for additional information, refer to the section titled Audit Committee previously in this document.

## ACTIVITIES ON SCHOOL CAMPUS

### GENERAL GUIDELINES

- Any activity on a district campus requires approval by the board or it's designee
- An approval form application should be completed prior to the event.
- Proper accounting records should be maintained and all activities should be processed through the local school books.
- Any payment to school employees must be processed through the district's payroll department.
- Reconciliation of activity should be completed at conclusion of event.
- Liability insurance is required for third parties.

**Note:** Any activities/programs conducted by parent organizations off campus should be approved prior to activity.

**APPENDIX A**

SDE Guidelines

**APPENDIX B**

Request to Operate School Club, Booster, or School Organization Form

**APPENDIX C**

Notification of Officers

**APPENDIX D**

Booster Bank Account Information

**APPENDIX E**

Booster Club Fundraiser Application/Reconciliation

**APPENDIX F**

Parent Support Organization Sample Audit Program

**APPENDIX G**

Contact List

**APPENDIX H**

Lotteries – Gambling (Games of Chance

**APPENDIX I**

Outside Organization Yearly Submission Check Off List

**APPENDIX J**

Audit Certification