

Guidelines for Financial Operations of School-Related Organizations

March, 2019

Welcome

- Support organizations allow parents, administrators, teachers and students to work together to achieve more than they could individually
- The Hoover City Board of Education appreciates our parent's time and efforts and is interested in each of your organizations achieving its full potential
- Your involvement is essential not only to a successful school program but also to a successful school system

Fiscal Accountability

We have a fiduciary responsibility to our stakeholders to present fairly and with full disclosure the financial position and results of financial operations of our funds and activities.

Leading Legislation

- The School Fiscal Accountability Act of 2006
- Alabama State Department of Education *Guidelines for Financial Operations of School-Related Organizations* adopted in November 2007
- Alabama State Department of Education *Financial Procedures for Local Schools* adopted in June 2010

Support Organization Funds

- Funds generated by a particular group¹
- Funds used for that particular group²
- Funds controlled by officers of the particular group³

Types of Fund Raising

Self-Imposed Dues and Fees

- If membership includes game tickets, must transfer 100% of ticket price to admissions¹
- If membership includes parking pass, must transfer 75% of parking fee to public parking²

Types of Fund Raising

Donations

- Request a letter from the donor to reflect how the funds are to be used¹
- Tax deductible under section 170(c)(1)²
- Funds received from a governmental entity , must be receipted at the district office³
- Donations in excess of \$1,000 MUST be approved by the CFO before they are receipted⁴

Types of Fund Raising

Grants

- Require submission of an application¹
- Funds must be expensed in compliance with the submitted application²

Types of Fund Raising

Concessions

- Support organization must purchase the supplies¹
- Members must document a beginning and an ending inventory²
- Members must operate the concession³
- Members must reconcile cash at end of event⁴
- A facility use fee must be paid⁵

Types of Fund Raising

- Concessions, Continued

Facility Use Fee for Concessions

Stadium Concession Fee	\$150
Soccer Concession Fee	\$ 25
Softball Concession Fee	\$ 25
Baseball Concession Fee	\$ 25
Gymnasium Concession Fee	\$ 25

Types of Fund Raising

Sales, Continued

Facility Use Fee for Signage

Football Fields	\$250 per season
Soccer Fields	\$ 75 per season
Softball Fields	\$ 75 per season
Baseball Fields	\$ 75 per season
Gymnasium	\$ 75 per season

Types of Fund Raising

Additional Facility Use Fees

Spring Fling	\$200 event fee
Field Day	\$200 event fee
Fall Festival	\$200 event fee

Types of Fund Raising

Commissions

The support organization must

- Promote,
- Distribute,
- Collect, and
- Submit

Types of Fund Raising

Sales

- Elementary students cannot be involved in door-to-door solicitations or sales
- Prohibited from selling raffle tickets in which a prize is won by chance¹
- Prohibited from soliciting funds for non-related organizations²

Types of Fund Raising

Sales, Continued

- Cannot mandate a student participate in a fundraiser
- There can be no negative repercussions for not participating in a fundraiser
- Student may “opt out” of fund raising activity(s)¹
- Like-kind exchanges are allowable with the proper documentation²

Types of Fund Raising

Sales, Continued

- Individual Fundraiser Accounts (IFAs) are unallowable
 - Cannot Solicit funds for personal gain¹
 - All participants must benefit equally²
 - May use incentives to encourage participation³

Types of Fund Raising

Program Operating Expense \$25,000
• No of players -25; Individual cost to participate -\$1000
EXAMPLE

OPT OUT

- 5 OPT OUT; Pay \$5000
- Pay full amount: (2-4) installments or ALL up front

OR

FUNDRAISER

- Amounts raised & divided equally among FR (20 expected to raise \$20,000)
- Balance remaining divided equally & paid by FR (Remaining \$2000 to be paid by FR (20 pay \$100 each)

Types of Fund Raising

Sales, Continued

- Cannot directly support political activities by providing campaign donations or placing advertisements in support of a particular candidate¹
- A facility use fee may be required²

Types of Fund Raising

Sales, Continued

- Food and Beverage Sales
 - *Smart Snacks in School*¹
 - Food and beverages of minimal nutritional value may not be sold during the school day²
 - Standards do not apply to foods and beverages sold at events held after school, off campus, or on weekends³
 - Standards do not apply to foods and beverages served at celebrations⁴
 - Must have prior approval⁵

Requirements for Fund Raising

- Fundraiser Authorization Form¹
 - If company used, submit form to bookkeeper 30 days prior to contract being signed²
- Report of Fund Raising Activity Form³
 - Tool for determining whether or not the fundraiser is worth doing again⁴

Types of Fund Raising

Hiring a Professional Fundraising Company

- Schedule interviews (how conduct campaign)²
 - Solicit by phone, email, door-to-door or combination
 - Solicit money only or sell products/tickets
 - Will subcontractors be used for any part of campaign
 - Will telephone calls be scripted
 - Will calls be recorded or monitored
- Ensure Data Security³
- Get bids
- Negotiate Transaction Fees (flat fee versus percentage of collections)⁵
- Negotiate Commission⁶
- Check referrals/background information¹

Types of Fund Raising

Hiring a Professional Fundraising Company

- Written Contract
- Explain services to be provided
- Explain financial responsibility of each party
- Authorize or prohibit use of subcontractors
- Identify compensation to be paid
- Require review of all materials/scripts to be used¹
- Specify contract period ☐ Require compliance with FTC's Telemarketing Sales Rules and applicable state laws²
- Outline cancellation criteria for both parties
- Require periodic financial reports³
- Specify ownership of donor lists

Types of Fund Raising

CROWDFUNDING

- Considered a fundraiser
- Be mindful of what is being requested
- Must obtain prior approval of Principal¹
- Campaign shall be in the name of the school
- Understand acronyms such as AON and KIA²
- Administrative Fee?
- How long funds held?
- Funds received or goods purchased on behalf of school?
- Monitor site throughout campaign

Types of Fund Raising

CROWDFUNDING

- Take campaign offline once goal reached
- Funds under control of Principal
- Comply with district policies and procedures
- If fundraiser include hardware, software or web-based subscription purchases, must obtain prior approval from Chief Technology Officer
- If fundraiser includes land or building improvements, repairs or renovations, or new construction, must obtain approval from Superintendent and Coordinator of Operations

Types of Fund Raising

- CROWDFUNDING

- If fundraiser includes reward program, items received are property of HCS and inventory policies and procedures apply
- Checks should be made payable to the school, not the teacher
- All donations should be recorded by bookkeeper in accounting system at each school
- pictures, videos and images of students posted on website must comply with policies and procedures

Raising Funds for an Employee

Permissible methods

- Initiate a benevolence fund at a local church or bank
- Use philanthropic organizations and community parks
- Pay bills on behalf on the employee

Options for Receipting Funds Raised

- Cash Count Sheet
- Ticket Sales Report¹
- Receipt Book
- Multiple Receipt List (MRL)
- MySchoolFees (online electronic payment)²³

Options for Receipting Funds Raised

MySchoolFees

- Student or Public Payment
- Display "Important Information"¹
- Sell One at a Time or Multiples²
- User Pays Full Amount or User Defines Payment³
- Date Constrained⁴
- Associate an Image with the Fee
- Associate Documents with the Fee⁵
- Email Payment Confirmation to Treasurer
- Multiple Reports⁶

Receipts

- Must be deposited in a timely manner (case by case)
 - Fundraiser one day only vs. weekly sales¹
 - Cannot keep funds overnight; safeguard in school vault¹
 - Off-campus coin machines allowable²
- Cannot make change for check that is written for more than amount due
 - No recourse if returned for insufficient funds
- Expenses must NEVER be paid from receipts or change funds³

Receipts

- All returned checks are turned over to a third party for collection¹
 - Check writer is not a repeat offender
 - The check is deposited within 14 days of the date written on the check
- The appropriate parties will be notified when funds are not collected

Spending Funds Raised

Scholarships

- Higher Education
 - Selection based on criteria set by membership¹
 - Check must be made payable to the student's school of choice²

Spending Funds Raised

Scholarships

- Care and Needs
 - Selection based on criteria set by membership¹
 - Maintain adequate records to substantiate distribution under an Internal Revenue Service inquiry²
 - Recommend check be made payable to creditor³

Spending Funds Raised

Scholarships

- Care and Needs, continued
 - Alabama Ethics Law does not allow for the financial support of any public employee (i.e. HCBOE paid employee)

Spending Funds Raised

- Funds for current budget year
- Always encouraged to spend the monies on the children the year the funds are raised
- Request reports from Bookkeeping office for budget planning
- Meet with Principal for guidance on goals for the school year
- Request financials for group to match current year budget line items

Student Gifts

Gifts to students for recognition of achievement must be purchased with non-public funds (excludes plaques, certificates, trophies)¹

Employee Gifts

- **5.7 Employee Gifts**
- Employees may accept gifts from students or other members of the public if the gifts are in accordance with the Alabama Ethics law or other pertinent state laws.
- If you would like to read more about the Alabama Ethics Meeting, you can obtain the article at :
- http://www.al.com/news/index.ssf/2016/12/changes_to_limit_on_teacher_gi.html

Employee Gifts

- NO supplemental payments are to be made to personnel for services rendered¹
- For more information, go to ethics.alabama.gov then click on the link Guidelines for Public Officials and Employees

Door Prizes

No violation of Alabama Ethics Law, IF:

- Donated by individual or business¹
- Random Drawing
- Widely attended event (such as teacher appreciation luncheon)
- All participants/attendees have same opportunity to win²
- Door prize is incidental to participation/attendance
- No affirmative action required or expected of recipient
- There are different rules governing the **awarding** of door prizes and the **selling** of raffle tickets (fundraiser)³

Land Improvements

- Organizations do not have authority to enter into any type contract related to use of Board property and/or equipment
- Plans must be submitted to the Superintendent BEFORE a purchase of goods or services is made or a contract is signed, regardless of the financing¹

Loans to School-Related Organizations

- A School Board cannot loan an organization money
- An organization cannot borrow money in the school or Board's name

Investments

- Support Organizations may not maintain investment accounts separate from the school's funds¹
- Support Organizations are not to accumulate large balances from one fiscal year to another
 - Money is raised by a particular group for a particular group²
 - Large balance is to be determined on a case by case basis³

Options for Payment Tendered

Option 1 - School check with an approved purchase order

- PO should be initiated by an Officer¹
- PO must be signed by the Principal BEFORE a purchase of goods or services is made or contract signed²
- Vendor can be a Committee Chair³
- Vendor can be parent IF cannot influence decision makers⁴
- PO amount may read "Not to Exceed"⁵

Purchase Order Exception

A reimbursement may be made to an Officer or Sponsor without prior authorization from the Principal if ALL of the following are met:

- Purchase must be an EMERGENCY¹
- Purchase must be made with NON-PUBLIC FUNDS
- Funds must be available
- Purchase must not exceed \$100
- A "Check Request" must include original receipt/invoice
- Must submit request within 3 days of purchase
- No requests for reimbursement may be made after April 15th

Options for Payment Tendered

Option 2 – Purchasing Card

- Limited to officers and committee chairs
- Must notify merchants purchases with card are exempt from Alabama sales tax¹
- Expenditures must comply with the approved budget²³
- Legible receipt with an itemized listing or supporting documentation⁴⁵
- Must submit receipt next business day⁶
- Must notify bookkeeper immediately if suspect lost/stolen

Board Documents

The following documents must be filed with the local school bookkeeper and the Finance Dept:

- Listing of the current officers and committee chairs¹
- Minutes of all executive and general meetings²
- Annual budget (as well as budget amendments)³
- By-Laws

Budgets

- The school's fiscal year is October 1 through September 30
- Support Organizations typically budget July 1 to June 30¹
- Bookkeepers will request budget information early March with a due date in April²
- Principals use this information to prepare their local budget for the District in May
- District administrators use this information to prepare their department budgets for the State in June

By-Laws

- How good are your by-laws?
- Are they fair and democratic?
- Do they distribute the power in your organization in a fair way?
- Do they allow members enough of a voice in how the organization is run?

By-Laws

- Article I - Name of Organization
- Article II - Purpose of Organization¹
- Article III - Membership and Dues²
 - Eligibility for Membership³
 - Voting Rights⁴
 - Termination of Membership
 - Private Benefit Clause

By-Laws

- Article IV - Officers
 - List of Officers and Duties¹
 - Terms of Office²
 - Election of Officers³
 - Nominating Committee⁴
 - Eligibility⁵
 - Training⁶

By-Laws

- Article IV – Officers, continued
 - Voting
 - Month of Election
 - Definition of quorum¹
 - Installation
 - Transfer of Records²
 - Termination of Officer³
 - Vacancies⁴

By-Laws

- Article VI - Meetings¹
 - Regular Meetings
 - Special Meetings²
 - Annual Meeting³
 - Date, Time, and Agenda for Meetings^{4,5}
 - Conduct of Meetings
 - Adequate Notification
 - Summary of Proceedings⁶

By-Laws

- Article V – Executive Board
 - Composition of Executive Board¹
 - Date, Time , and Place of Meetings²
 - Roles and Responsibilities

By-Laws

- Article V – Committees
 - Standing (Operational) Committees
 - Membership and Attendance
 - Nominating¹
 - Fundraising²
 - Communications
 - Budget
 - Concessions and Inventories
 - Scholarship
 - Special Committees²

By-Laws

- Article VII - Finances¹
 - Fiscal Year
 - Budget Committee
 - Authorization of Expenditures
 - Carryover Funds²
 - Reserve Funds³
 - Excess Funds⁴ (amount to be voted on by general membership)
 - Suspected Fraud⁵

By-Laws

- Article VIII - Amendment Procedure¹
 - Amendment Proposal (Who?)
 - Amendment Proposal (How?)
 - Notification Requirement
- Article IX - Dissolution²
 - Distribution of Excess Funds
- Article X - Parliamentary Authority (typically Robert's Rules of Order)³

Non-Compliance

- Strong controls allow for accountability to students, parents, employees, taxpayers, bondholders, vendors and regulatory bodies
- An *Acknowledgement of Non-Compliance Form* will be completed by the bookkeeper when a policy or procedure has not been properly followed
- Upon written request, the HCBOE is required to disclose financial records under The Freedom of Information Act. Because no one organization is immune from public scrutiny, it is important that we remain in compliance with all legislation, regulations and standards to ensure the accuracy and completeness of our records.

Consequences

- All receipts become public funds under the control of the Principal
- The Superintendent and/or Board have the authority to revoke an organizations ability to conduct activities in the district

Office Hours

- Please check with your local school bookkeeper regarding the hours she is available to meet with you
- Remember, a courtesy call is always appreciated

Additional Resources

- Generally Accepted Accounting Principles
- Governmental Accounting Standards
- Code of Alabama
- Alabama Building Code
- Public Works Law
- Alabama Bid Law
- Alabama Ethics Law
- Alabama Immigration Law
- Child Nutrition Law
- Internal Revenue Service (IRS)

Contact Information

If at any time you have questions or concerns, please contact:

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