

**CHAPTER 2
PARENT-TEACHER ASSOCIATIONS, BOOSTER GROUPS
AND OTHER SCHOOL SUPPORT ORGANIZATIONS**

2-1. General:

It is recognized that parent-teacher associations, booster groups and many other school support organizations provide an essential function in the support and funding of various curricular and extra-curricular programs offered by the public schools throughout the State. Countless hours are devoted by teachers, parents and other school supporters in fund raising activities to provide the funds and donate the uniforms and equipment necessary for such programs. Without this support, many schools would not have the financial resources to provide many of the programs that are being provided to their students.

Fundraising activities must be covered by liability insurance. The school board's Commercial General Liability Policy through the Board of Risk and Insurance Management (BRIM) generally includes elected or appointed officials, faculty members, employees, volunteers and student teachers acting within the scope of their duties, regardless of whether on school grounds. Volunteers must be acting on behalf of the school board when participating in fundraising activities in order to be covered by the school board's liability insurance. The monies from fundraising activities undertaken on behalf of the school board must be deposited in to the depository account of the school. Therefore, volunteers working for a school support organization with a separate FEIN number and/or 501(c)3 status are not covered by the school board's policy. It is the responsibility of the school support organization to ensure that adequate liability insurance is obtained for the organization's fundraising activities.

In order for these outside organizations to be effective in their efforts to provide financial support, however, they must maintain the trust and support of the school community. To do this, it is essential that each school and all of the organizations that support the school maintain an accurate accounting of all funds collected and expended.

County boards of education can assist the school support organizations to develop and maintain the trust of the school communities throughout the county by establishing local policies by which such organizations are to operate. A list of all groups that will be collecting funds in the name of any school must be approved by the board in advance. Also, each school support organization must be approved annually by the school's principal. It is strongly encouraged that student support organizations operate as a subaccount of the school's general fund and follow all school accounting procedures.

2-2. Organization:

Every school support organization should be officially organized with a set of published

by-laws and be governed by an elected board of directors consisting of at least a president, a vice president, a secretary and a treasurer. All school support organizations must be approved annually by the county board of education.

Written minutes are to be prepared of each meeting and such minutes are to be made available to anyone interested in them within a reasonable time after the meeting. At a minimum, the minutes should contain the following information:

- The date, time and place of the meeting,
- The name of each member of the governing board present and absent,;
- All motions, proposals, and resolutions proposed, the name of the individual who made the proposal and their disposition, and
- The results of all votes.

2-3. Transaction Journal:

A transaction (receipts and disbursements) journal should be maintained to record all receipts and disbursements. Each posting should include the following: the date of the transaction; receipt or check number listed in numeric order, name of payor or payee; and individual account(s) for which the collection or disbursement was made.

The transaction journal should be footed and cross-footed each month to ensure that errors have not been made. The entries in each column are added to arrive at a total and the totals of each column are added across to arrive at the grand total for the month. If errors are found to exist, they must be identified and corrected as soon as possible, using correcting journal entries. Proper accounting procedures dictate that errors should not be written over or corrected with correcting fluid. The necessary journal entries should be made and should include a brief explanation of why the adjusting entries were made.

2-4. Bank Accounts:

Every bank account in which the organization funds are deposited should be insured or the bank should be required to provide adequate bond to cover the maximum amount that may be deposited at any one time. The account should contain the name of the organization and the organization's Federal Employer Identification Number (FEIN). The account cannot use the school's FEIN. If the organization does not obtain a separate FEIN, the organization must operate as a subaccount of the school's funds and the organization's monies must be deposited into the school's bank account. In this case, all school accounting policies and procedures must be followed.

The bank signature cards must be maintained current at all times. Two signatures are required on every check issued by the organization. One of the signatures should be that of the organization's president. Both signatures cannot be by the same individual.

All checks should have pre-printed on them the name of the organization, the organization's address, the check number and two blank spaces for signatures.

2-5. Collections:

All moneys collected should be receipted and deposited intact daily into one of the organization's depository accounts.

The total amount of money collected should be reconciled to the detailed records that support the collections.

To decrease the risk of theft, each check received by the organization should be stamped or marked on the back with a restrictive endorsement stating "for deposit only" at the time of receipt.

2-6. Disbursements:

All disbursements must be made by check, except for those from petty cash. The check must be made payable to the individual or vendor to whom the payment is being made, not to another party that is subsequently making payment on behalf of the organization. Every check and check stub must be completely filled out at the time the check is issued.

Checks are not to be made payable to cash. If starting cash is needed for an event from which to make change, the check must be made payable to the individual who will be cashing the check.

If an error is made while preparing a check, void the check and issue another one. Never write over an original entry to make a correction or use correcting fluid to cover a mistake on a check.

To void a check, write the word "VOID" across the face of the check and check stub. Retain the voided check and file in numeric order with all checks paid by the bank. Leave the check stub for the voided check in the checkbook. Never discard voided checks or check stubs.

The following information must be imprinted on the check form:

- Name of the organization
- Organization address
- Check number
- Account number

The check form must also provide spaces for two signatures. The memorandum line is not to be used as the second signature line.

2-7. Posting Disbursements:

All checks issued must be posted daily to the transaction journal. The checks are to be posted individually to the journal in numeric order. Checks may not be posted in a batch.

2-8. Concession Sales:

If concession stands are operated by a school organization, local procedures should be established to safeguard the inventory of goods sold to protect against pilferage or unauthorized use.

All proceeds from concession sales operated by a school support organization should be receipted and deposited intact and in a timely manner into one of the organizations depository accounts. Merchandise purchased for resale should be purchased by check issued for that purpose. In addition, the purchase invoices should be retained as documentation for the disbursements.

Periodically, a profit and loss statement must be prepared to compare actual sales proceeds to the expected sales totals that should have been recognized from the amount of merchandise sold. See Appendix A for sample copies of the forms to be used.

2-9. Fund Raisers:

All school support organizations must obtain prior approval of the school principal before conducting any fund raising activity in the name of a school. See Appendix A for a sample Fundraiser Approval form. Local procedures must be established to regulate all fund raising activities conducted by school organizations to ensure that they are conducted in a proper manner.

All proceeds from fund raisers conducted by a school organization must be receipted and deposited intact into one of the organization's depository accounts. Merchandise purchased for resale should be purchased by checks issued for that purpose. In addition, all purchase invoices should be retained as documentation for the disbursements.

A profit and loss statement must be prepared for each fund raising activity conducted by a school support organization that shows gross proceeds, cost of goods sold and net proceeds. See Appendix A for a sample copy of a fund raiser profit and loss statement.

In addition, certain fund raising activities are subject to the collection and remittance of consumer's sales tax. See Section 1-38 and Appendix B for more information.

Donations to school support organizations are only tax-exempt if the organization has obtained its own tax-exempt designation from the Internal Revenue Service or if the organization's funds are maintained in the school's account. Donors must be made aware of tax-exempt status at the time the donation is received.

2-10. Event Receipts:

If activities are sponsored by school support organizations on school property at which an admission fee is charged or a donation is accepted for admittance, pre-numbered tickets must be used. Whenever practical, separate individuals should be used to sell and collect the tickets. As tickets are collected from patrons, they should be torn in half; one half should be returned to the individual as a receipt and the other half should be retained.

A ticket reconciliation report must be prepared for each event to reconcile tickets sold to cash collected. The report should show the following: beginning cash balance; first and last numbers of each type of ticket sold (student, adult, other); total number of tickets sold by type; price of each type of ticket; total sales; ending cash balance; total cash in cash box; and differences, if any. In addition, total sales from tickets sold prior to the event should be shown.

The reconciliation report should also show the activity and date, and should be signed by the preparer and the individual in charge of the event. See Appendix A for sample copies of the forms to be used.

2-11. Reconciliation of Bank Statements:

Every bank account must be reconciled monthly as soon as possible after the bank statements are received, including any CD and investment accounts.

Any differences noted between the balance reflected in the organization's financial records and the bank statement must be resolved immediately. After the bank reconciliations are completed, the bank reconciliations are to be signed and dated by the individual who performed the reconciliation.

All bank statements are to be filed in chronological order. Canceled checks are to be filed either in numeric order with the monthly bank statements or in a separate canceled check file in numeric order by fiscal year. In situations where a bank is providing only an image of the canceled checks with the bank statements rather than returning the actual canceled checks, the bank must be able to provide an image of both the front



and back of every check upon request.

Voided checks are to be retained and filed in the correct numeric sequence with the canceled checks.

2-12. Annual Financial Statements:

Annual financial statements are to be prepared by each school support organization and a copy is to be provided to the school principal. They should be prepared on either a fiscal year basis of July 1 through June 30 or in accordance with the organization's fiscal year, and are to include all financial activities of the organization for the year for which prepared.

At a minimum, the financial statements should list the organization's cash balance at the beginning of the year, revenues collected during the year, expenditures paid during the year, and the cash balance at the end of the year. If any sub-accounts are maintained by the organization, they should be listed separately.

The financial statements are to be signed by the preparer and the organization's president. See Appendix A for a sample copy of the form to be used.

In addition to the annual financial statements, a list should be prepared which lists all invoices that have not been paid at the end of the year and all revenues, if any, that have not been received.

2-13. Consumer Sales Tax on Purchases:

Private nonprofit organizations such as Parent Teacher Associations, booster groups and other school support organizations, are not exempt from paying the consumer sales and use tax by reason of their nonprofit status alone, but must meet very specific requirements contained in State tax laws and legislative regulations. See Appendix B for an explanation of these specific requirements.

One of the requirements is that the organization must be currently registered with the West Virginia Department of Tax and Revenue and have a business registration certificate. Each organization must have its own business registration certificate; private nonprofit organizations are not to use the school's registration number.

2-14. Consumer Sales Tax on Sales:

Private nonprofit organizations that meet the requirements set forth in the preceding section for making tax exempt purchases may also make casual and occasional sales for fund raising purposes and not be required to collect and remit consumer sales tax on



their sales.

For the purpose of this exemption, "casual and occasional sales" means fund raising events not conducted in a repeated manner or in the ordinary course of repetitive and successive transactions.

These fund-raising events are limited to six events (which last no more than eighty-four consecutive hours each) in any twelve month period. Any fund-raising event which lasts more than eighty-four hours will be considered as two or more events, depending upon the duration of the event.

If an organization holds more than six events during the course of a twelve month period, it must begin collecting and remitting consumer sales tax on all sales made at these succeeding events.

In addition to the exemption for "casual and occasional sales" discussed in the preceding paragraphs, certain other special exemptions may apply. For example, special exemptions apply to certain sales of food by school support organizations:

- Sales of food on an occasional basis, such as a bake sale, by private nonprofit organizations are exempt if the purpose of the sale is to obtain revenue for the functions and activities of the organization and the revenue so obtained is actually expended for that purpose. No exemption certificate is necessary.
- Sales of food by private nonprofit organizations on a recurring basis, such as through concession stands, if the purpose of the sales is to obtain revenue for the functions and activities of the organization and the revenues obtained from selling the food are actually used for that purpose: provided that the food items purchased for resale are not purchased tax exempt.

2-15. Business Registration Certificate:

As discussed in Section 2-13 on a preceding page, in order for a private nonprofit organization to be able to issue a tax exemption certificate for purchases, the organization must register with the West Virginia Department of Tax and Revenue and obtain a business registration certificate (W. Va. Code 11-12-3). Private nonprofit organizations, however, are exempt from payment of the registration fee.

In applying for a business registration certificate, each organization must have its own business registration certificate and identification number; private nonprofit organizations are not to use the school's registration number.



2-16. Review of Financial Records:

Boards of education have the authority, pursuant to the provisions of W. Va. Code 18-5-13(1), to examine the financial records of any parent teacher association, booster group or other school support organization collecting money in the name of a school, or to require the organization to provide the county board with financial statements that have been examined by an independent accountant. Such authority can be delegated to the Superintendent or Chief School Business Official.

The financial records may be examined in accordance with agreed upon review procedures developed by the county board. Such procedures, however, should include a review of compliance with the provisions of this manual and policies and regulations of the county board.

Copies of the report are to be provided to the county board of education, to the superintendent and to the school principal.

If any reportable conditions are noted in the report, the president of the organization is to provide the board with a corrective action plan. All reportable conditions are to be corrected as soon as practical but not later than six months after receipt of the report.

2-17. Records Retention:

All financial records, minute books and other documents maintained by or in the name of a school organization belong to the organization and must be delivered or handed over to the duly elected president of the organization, or to the county superintendent of schools, upon request.

Copies of the organization's annual financial statements and minute books are to be retained permanently. The transaction journal, bank statements, and canceled checks are to be retained for at least five (5) years. All other financial records are to be retained for at least three (3) years.

