



West Virginia DEPARTMENT OF
EDUCATION

School Support Organizations

July 18, 2019

What is a School Support Organization?

Definition: A school support organization is a parent-teacher association, parent-teacher organization, booster club, alumni group, foundation, or any other nongovernmental organization or group of persons whose primary purpose is to support the school district, an individual school, a group of schools, a school club or any of a school's academic, athletic, arts or social activities.



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Governing Statute - WVC 18-5-13(a)

WV Code 18-5-13(a)

Subject to the provisions of this chapter and the rules of the state board, each county board may:

(a) Control and manage all of the schools and school interests for all school activities and upon all school property owned or leased by the county, including:

(1) Requiring schools to keep records regarding funds connected with the school or school interests, including all receipts and disbursements of all funds collected or received by:

(A) Any principal, teacher, student or other person in connection with the schools and school interests;

(B) Any program, activity or other endeavor of any nature operated or conducted by or in the name of the school; and

(C) Any organization or body directly connected with the school;

Governing Statute – WVC 18-5-13(a)

- WV Code 18-5-13(a) continued:

(3) Auditing the records and conserving the funds, including securing surety bonds by expending board moneys. **The funds described in this subsection are quasipublic funds, which means the moneys were received for the benefit of the school system as a result of curricular or noncurricular activities.**

School Support Organization Accounting Procedures

Chapter 2 of “State Board Policy 1224.1 – Accounting Procedures Manual for Public Schools in West Virginia” outlines the accounting procedures for parent-teacher associations, booster groups and other school support organizations

School Support Organization Accounting Procedures (cont'd)

- State Board Policy 1224.1
 - Paragraph 2-1
 - Requires that each school support organization be approved annually by the school’s principal.
 - Requires that a list of all groups that will be collecting funds in the name of any school must be approved by the board in advance.
 - Recommends that each student support organization operate as a subaccount of the school’s general fund and follow all school accounting procedures.
 - Paragraph 2-9
 - Requires that all school support organizations obtain prior approval of the school principal before conducting any fund raising activity in the name of a school.

School Support Organization Accounting Procedures (cont'd)

- State Board Policy 1224.1
 - Paragraph 2-12
 - Requires annual financial statements to be prepared by each school support organization and provide a copy to the school principal.
 - At a minimum, the financial statements should list:
 - Cash balance at the beginning of the year.
 - Revenues collected during the year.
 - Expenditures paid during the year.
 - Cash balance at the end of the year.
 - Financial statements are to be signed by the preparer and the organization's president.
 - A list should be prepared which lists all invoices that have not been paid at the end of the year and all revenues that have not been received.

School Support Organization Accounting Procedures (cont'd)

- State Board Policy 1224.1
 - Paragraph 2-16

In accordance with WV Code 18-5-13(a)(1), boards of education have the authority to examine the financial records of any school support organization collecting money in the name of the school **or to require the organization to provide the county board with financial statements that have been examined by an independent accountant.**

School Support Organization Accounting Procedures (cont'd)

- State Board Policy 1224.1
 - Paragraph 2-16
 - The financial records may be examined in accordance with agreed upon procedures developed by the county board.
 - These procedures should include a review of compliance with State Board Policy 1224.1 and policies of the county board.
 - Copies of the report are to be provided 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.

How does a school support organization apply for a FEIN?

- At a minimum, each school support organization that operates outside of the school accounts must have a federal identification number (FEIN).
- There are several ways that an organization can apply for a FEIN:
 - Apply online.
 - Apply by fax or by mail.
 - Fill out Form SS-4 which can be found on the IRS website.
 - Fax Form SS-4 to: (855) 641-6935 or
 - Mail Form SS-4 to:
 - Internal Revenue Service
Attn. EIN Operation
Cincinnati, OH 45999

How does a school support organization register with the Secretary of State?

- Every outside school support organization must register with the Secretary of State to obtain a Business Registration Certificate.
- The “Business Startup Wizard”, a new online tool, is now available through the West Virginia One Stop Business Center.
 - This wizard aims to simplify the registration process in West Virginia. The tool can be accessed at <https://business4.wv.gov>.
- Paper forms to register a school support organization can also be found at: <https://sos.wv.gov/business/pages/RegNewWVBus.aspx>

Are school support organizations required to be a 501(c)3?

- School support organizations are **not** required to be a 501(c)3; however, there are many benefits to obtaining this status from the IRS.
- These benefits include, but are not necessarily limited to the following:
 - Exemption from sales tax, federal taxes and property taxes.
 - The public legitimacy of IRS recognition.
 - The ability to give donors tax deductions when they make charitable gifts to your organization.
 - Increased opportunities for federal and state grants.

How does a school support organization apply for 501(c)3 status?

- For information regarding 501(c)3 status and application assistance, please see the IRS links below:
 - General Overview - <https://www.irs.gov/charities-non-profits/application-for-recognition-of-exemption>
 - Form 1023 Overview - <https://www.irs.gov/forms-pubs/about-form-1023>
 - 501(c)3 Tools - <https://www.stayexempt.irs.gov/home/starting-out/starting-out>

Does the school board's general liability insurance policy cover the school support organization?

- 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 to be covered by the school board's liability insurance.

Does the school board's general liability insurance policy cover the school support organization? (cont'd)

- Volunteers working for a school support organization with a separate FEIN 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 organizations fundraising activities.

Can a school support organization provide a direct payment to a coach?

- A school support organization should **NOT** pay a coach or other LEA employee directly.
- In a situation where an approved school support organization wishes to provide supplemental wages for an employee of the LEA, such as an athletic coach or band director, the funding should be provided to the LEA who can pay the employee.
- This would also apply in situations where a school support organization wishes to provide funding for an additional paid position, such as an additional assistant coach. The funds should be provided to the LEA, which can properly post for the position.

Can a school support organization provide a direct payment to a coach? (cont'd)

- It is recommended that all LEAs have a local policy regarding such additional wages funded through school support organizations.
- Having a local policy allows the LEA to ensure consistency among schools within the county and to ensure all personnel and payroll laws are properly followed.

Can a school support organization expend funds for teacher recognition?

- W. Va. Code 18-5-13 allows schools to expend funds for student, parent, teacher, and community recognition programs using funds generated through a fund-raiser or donation-soliciting activity.
- Prior to commencing the activity, the school must publicize that the activity will be for this purpose and must designate the funds generated for this purpose.
- Any funds generated must be accounted for in a separate account in the General Fund and not co-mingled with other school funds.
- While this statute does not specifically address school support organizations, it is our recommendation that school support organizations advertise their fundraiser's purpose accordingly.

Can a school support organization donate to a nonprofit organization?

School support organizations may not make contributions to charitable or private non-profit organizations unless a fundraiser is conducted specifically for that purpose and advertised accordingly.

Are school support organization fundraisers subject to sales tax?

After the passage of HB 2854 during the 2019 legislative session, not-for-profit volunteer school support organizations will be exempt from the general consumers sales and service tax if the following conditions are met:

- The fundraiser must be held for the sole purpose of raising revenue for the functions and activities of the school.
- A fundraiser cannot last more than 14 consecutive days. (previously 84 consecutive hours)
- A fundraiser is not held more than 18 times during any 12-month period. (previously 6 times)

Can a school support organization be licensed to conduct bingo games and raffles?

- Only a tax exempt charitable or public service organization may be licensed by the Tax Commissioner to conduct bingo games and raffles in West Virginia.
- This includes, but is not necessarily limited to, organizations that have a letter from the Internal Revenue Service determining that it is exempt from federal income tax under IRC §§ 501(c)(3), 501(c)(4), 501(c)(8), 501(c)(10), 501(c)(19) or 501(d).
- In order to conduct a charitable bingo game, an organization must make an application to the Tax Commissioner on a form [BGO-1](#) at least sixty days prior to conducting an occasion.
- This requirement may be waived for renewal applications.
- The types of available licenses include annual, limited occasion and State Fair. Details about the type of information necessary to complete an application are located in the [BGO-1 Instructions](#).

Can a school support organization be licensed to conduct bingo games and raffles? (cont'd)

- Similarly, in order to conduct a charitable raffle, an organization must make an application to the Tax Commissioner on a form [RAF-1](#) at least sixty days prior to conducting a raffle.
- This requirement may be waived for renewal applications.
- Details about the type of information necessary to complete an application are located in the [RAF-1 Instructions](#).
- Additional information can be found at <https://tax.wv.gov/Business/BusinessRegistration/Pages/BusinessRegistrationBingoAndRaffle.aspx>

QUESTIONS?

Thank You

Amy Willard, CPA, MPA
Josh Harner, MSA
WVDE Office of School Finance
304-558-6300
awillard@k12.wv.us
joshua.harner@k12.wv.us