

ORGANIZATIONAL OPTIONS FOR PARENT ORGANIZATIONS

Option 1: Parent Organization with District Student Activity Fund Status

Under this option the parent organization shall:

- Operate as part of the district.
- File a formal letter with the district Financial Services Department indicating their decision to operate as part of the district's Student Activity Fund.
- Use a pooled cash account in the district's Student Activity Fund.
- Have no business or personal bank account associated with the organization.
- Have a set of bylaws describing the operation of the organization.
- Use the District's tax identification number as restricted by statute.
- Follow district purchasing policies and procedures and have all expenditures approved by the school principal or designee.
- Ensure that all donations are made in compliance with Board policy KCD, Public Gifts/Donations to District, with all checks made out to the Thompson School District or the name of the specific school.
- Participate in an annual training session put on by the district Financial Services Department for new officers to ensure that each organization is knowledgeable of any pertinent changes in district policy and state or federal law.
- Complete an annual self-assessment checklist, provided by the district Financial Services Department, no later than June 30 each year.
- **Cooperate with the *district* internal auditor during the audit process**

Under this option the district shall:

- Handle all the accounting, recordkeeping and reporting for the organization, including the preparation of the fiscal year-end report.
- Provide limited liability insurance coverage through the Colorado School Districts Self-Insurance Pool (CSDSIP) for all volunteers and parent groups acting within the scope of voluntary duties under the direction of the school principal.

Note: Volunteers are not insured by the CSDSIP for any auto liability coverage or for workers compensation.

Options 2 and 3: Parent Organization with 501(c)(3) Nonprofit Status

Under these options the parent organization shall:

- Operate as a nonprofit corporation, independent of the district and have control of all monies collected.
- Have a set of bylaws describing the operation of the organization.
- Apply for and receive section 501(c)(3) status from the IRS.
- Prepare and submit an annual IRS Form 990 (Return of Organization Exempt from Income Tax), regardless of the organization's gross receipts, and provide a copy to the district Financial Services Department.
- Have its own bank account with at least two (2) signatures required on each check.
- Apply for and use its own tax identification number.
- Apply for and use its own local and state sales tax license.
- Use its nonprofit corporation name when entering into any contracts and/or permits. A designated officer of the nonprofit corporation must sign all contracts and/or

applications for permits. (No contracts or permits should be in the district or school name.)

- Prepare and submit an annual financial report including, at a minimum, a balance sheet and income statement to the district Financial Services Department by July 31 each year. The district is requesting a copy of the same financial report used as a measure of financial accountability with its members, as specified in the organization's bylaws.
- Either arrange for an external assessment of the organization's financial records on an annual basis or complete an annual self-assessment checklist of its procedures and compliance with district policies and state and federal laws. In either case the results shall be filed, along with the annual financial report, with the district Financial Services Department by September 30 each year. If the self-assessment checklist is used annually, the organization shall arrange for a formal external assessment by an experienced accounting professional at least once every three years.
- Prepare and submit an annual report to the Colorado Secretary of State and provide copies of the report to the district Financial Services Department.
- Participate in an annual training session put on by the district Financial Services Department to provide training for new officers and ensure that each organization is knowledgeable of any pertinent changes in district policy and state or federal law.

Options 2 and 3 Disclaimer:

District insurance does not cover parent organizations organized as nonprofit corporations. Furthermore, the district is not liable or responsible for loss of their property or money, or the decisions made by the nonprofit corporation, its board, or its officers. The nonprofit corporation is encouraged to investigate and purchase appropriate officer's liability insurance, property insurance, and crime insurance (fidelity bond) in addition to the general liability insurance required by the district.

Following the above steps should result in strong organizational management with adequate levels of accountability to the stakeholders.

Adopted January 6, 2010