

New Website: The School Support Organization page is located under the resources tab

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SUMNER COUNTY SCHOOLS
TENNESSEE

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Sumner County Schools

School Support Organization Handbook



Board Policy 2.404 - School Support Organizations

School Support Organization Financial Accountability Act
(Tennessee Code Annotated, Title 49, Chapter 2, Part 6)

July 2025

MODEL FINANCIAL POLICY FOR SCHOOL SUPPORT ORGANIZATIONS (PROCEDURES MANUAL)



DIVISION OF LOCAL GOVERNMENT AUDIT
MAY 2020

- SSO Handbook created by SCS (2025) and the SSO Procedures Manual (most recent version 2020) can be found on the SSO page of the SCS website. The SSO Procedures Manual can also be found on the Comptroller's website. All SSO officers/board members are responsible for becoming familiar with the organization manual, operating the SSO within the guidelines and requirements, and becoming informed about any changes or updates – IRS, State of TN, or BOE.

- The School Support Organization Financial Accountability Act (T.C.A. 49-2-6) requires School Support Organizations (SSO) to form and operate as a legal entity registered as a non-profit organization for the purpose of supporting a school district, school, or school program or activity.
 - Register with the Tennessee Secretary of States Office – initial registration (charter) and annual renewal (annual report).
 - SSO should be set up as a non-profit corp., public benefit, with an additional designation of a school support organization.
 - An annual report is also generally due to the IRS - depending on the organization's designation, and annual gross receipts. It is advised that the SSO contact a CPA or tax preparer familiar with non-profit filing requirements.
 - It is important to keep the contact information for the organization current. An organization email is recommended - Gmail or similar type email account w/ the login and password kept on file so incoming officers can access and update as needed.
 - Update officers and registered agent on the annual report. The registered agent is the point of contact for the organization. It is not recommended to use personal addresses or email. Use an SSO email, a SSO PO BOX, or the school address to ensure notices are received year to year. Make sure the SSO name is used for all SSO business.
 - Update the organizations responsible party with the IRS when applicable for your organization. The responsible party is the point of contact for the organization for updates and/or legal notices, etc. When an EIN is issued, a responsible party is required to be listed – same person might still be associated with the organization if it has never been updated, could cause an issue if communication with the IRS is needed.
 - Non-profit designation from the state of TN is not the same as a tax-exempt designation from the IRS, and a tax-exempt designation (501c3) from the IRS is not the same as a sales tax exemption from the state of TN.

- SSO Manual Overarching Requirements – Accounting and Internal Controls (pgs. 6-8)
- Electronic transactions – must be evaluated, reviewed, have written adequate accounting and internal controls that meet the operations and transaction requirements of the manual. These must be reviewed and approved by the officers/board each year. The approval must be documented in the organizations meeting minutes.
- There must be adequate separation of duties and responsibilities/transaction between the SSO officers and the school staff. The school staff (coach, band director, principal, etc.) may not have access to SSO funds (a debit card, check signer, place orders in the SSO name, etc.). Best practice is for the SSO to operate as if they are providing grants or supplemental funding to the school – receive a request, approve their budget or funding, and then provide the funds to the school with the instructions for what the funds are designated for – uniforms for soccer, extra iPads for the 5th grade, STEM/STEAM supplies, or activities at the school, volleyballs and new nets for the volleyball team, etc.
- SSO must be in good standing each SY – submit the completed annual SSO paperwork before the organization can conduct fundraisers (fundraiser requests for school spirit wear at school registration nights is generally approved pending the submission of the annual paperwork). SSO must receive approval to conduct fundraisers.
- Sales tax must be paid on all items the SSO purchases that will be resold (regardless of whether sold at cost or for a profit). Schools and School Support Organizations pay sales tax to the vendor at the time of purchase and do not collect sales tax at the time of the sale to remit to the state – like a retail establishment. When an out of state vendor is used (TN sales tax not paid at the time of the purchase), the SSO is responsible for remitting the sales/use tax directly to the Tennessee Dept. Of Revenue.
- SSO may not charge a fee, require a donation, or dues, etc. for participation in a school sponsored activity or program. SSO may not require participation in fundraisers. Fundraisers must be conducted to benefit the school, the school program, or activity – fundraisers are not conducted for the benefit of an individual. Cooperative fundraising, individual fundraising accounts, and similar schemes are prohibited. School is responsible for all student activity funds; these may not be turned over to a SSO.

- Games of Chance, Raffles, etc. - anytime someone is required to give something of value, for a chance to win something under Tennessee state law, this is gambling and is illegal. There is a process for organizations who meet a certain criteria to apply to the state to hold 1 event per year – there is an application process and a fee that has to be paid during the application time window. This includes any type of raffle and any game of chance – make a donation/pay a fee and receive a raffle ticket, buy a ticket to get your name in the pot for a chance to win a prize, etc. There is one Sumner County SSO who applied to that state and was granted approval to host a raffle during the period July 1 to June 30, 2026. Unless that was your SSO – please don't plan to do a raffle or game of chance!
- Secretary of States office has issued a warning about a deceptive mail scam, appears to be a notice regarding filing an annual report – looks official but it is from Tennessee Business Filing Center and charges a large fee. And emails that mention “Exciting New!” The TN Secretary of State would like to contact you about a sponsorship filed to help cover a \$3,500 balance due – reach out to with questions. Also, watch out for emails from vendors, or other officers that don't look right or are unusual requests, do your due diligence before placing an order with a vendor – especially if pre-payment is requested.
- The Comptroller's office investigates fraud, theft, and malfeasance suspected at government entities, non-profits, and school support organizations. So far this year, two individuals from TN school support organizations have been indicted for theft after investigations. Most of the times the theft is missing funds (fundraiser money or items are missing) or purchases made for personal items or non-SSO expenses (items purchases, bills paid, checks written for cash/withdrawals made, etc.) Follow requirements and review transactions and information – trust but verify. Perform your duties with the required duty of care, duty of loyalty, and duty of good faith that TN law imposes on all non-profit officers/board members.
- Investigations also occur for not following the SSO manual requirements/bylaws/SSOFAA, etc. – deficiencies are noted and must be corrected/officers replaced, etc. Many times, these are things like not depositing funds in a timely manner, not reconciling bank statements in a timely manner, not having officer/board meetings, not having adequate documentation or records to show the expenses are appropriate use of the SSO funds, not operating within the organization's bylaws, and per the requirements of the manual, etc.

- Wrap up with Q & A session