

SCHOOL SUPPORT ORGANIZATIONS

2026-2027 SSO INFORMATIONAL MEETING

**SSO – PTO, PTA, BOOSTER,
FOUNDATION**

SCHOOL SUPPORT ORGANIZATIONS

- SSO are independent, not-for-profit, public benefit organizations created to benefit and support a school or school program.
- SSO are created and operated by a group of parents/guardians. School foundations may also be operated by alumni, or community members.
- All SSO must be approved by the SCBOE. They must provide information annually that they are compliant with TN state law governing school support organizations.
- SSO officers are responsible for being familiar with the operating requirements and guidelines of an SSO and responsible for following the requirements and guidelines.
- School principals or the BOE Superintendent may suspend or revoke an SSO approved operating status.

THE LAW & THE MANUAL

T.C.A. 49-2-601 & MODEL FINANCIAL POLICY FOR SCHOOL SUPPORT ORGANIZATIONS

The School Support Act of 1997 (now know as S.S.O.F.A.A.)

Legislative intent - The general assembly recognized the importance of School Support Organizations in providing financial support (to the school) to help carry out academic, athletic, and social programs and to further educational opportunities for students. They also recognized the concerns that parents and others have in ensuring that the money raised by SSO is safeguarded and used for the purpose and activities for which the funds were raised.

Public Chapter 326, amending *Tennessee Code Annotated, Title 49, Chapter 2*, requires that school support organizations “adopt and maintain a written policy which specifies reasonable procedures for accounting, controlling, and safeguarding any money, materials, property or securities collected or dispersed by it.” The statute further authorizes the Comptroller of the Treasury to prepare a model financial policy for school support organizations.

The “Model Financial Policy for School Support Organizations (procedure manual)” issued by the Tennessee Comptroller of the Treasury, Division of Local Government Audit fulfills this responsibility. The manual is intended to provide minimum internal controls, operating requirements, and recommended procedures to assist SSO officers and members in providing accountability and required oversight of SSO funds.

- School Support Act - 1997
- School Support Organization Financially Accountability Act – 2007, 2008 (updated)
- SSO Procedure Manual – most recent update 2020

SUMNER COUNTY BOARD OF EDUCATION

SCHOOL SUPPORT ORGANIZATION INFORMATION PAGE ON THE DISTRICT WEBSITE

www.sumnerschools.org – resources tab – school support organization page

- SSO Annual Information & Requirements
- SSO Training & Meeting Information
- SSO Forms
- SSO Manual, TN State Law, SCS Board Policies & SSO Handbook
- Additional SSO Information and FAQ
 - Sales tax, non-profit guidebook, Charities and non-profits (IRS), TN games of chance, annual report (SOS), Dissolving a SSO, 501c3 status, how to get it & how you can lose it (IRS)
 - Sample Documents
 - TN Comptroller's Office recent investigations involving school support organizations (just a few examples)

TN REQUIREMENTS FOR NON-PROFIT CORPORATIONS – A.K.A SSO (HOW TO STAY “ACTIVE”)

- In order for an SSO to operate it must remain an “active” non-profit corporation, recognized by the Tennessee Secretary of State (SOS). This is done by filing an annual report each year with the SOS. The organizations status may be verified on the TN SOS website or by calling the SOS office.
- As a separate legal entity, an SSO is responsible for completing this required filing in a timely manner and paying the associated fee(s) (currently around \$20, and charges per changes made). This responsibility cannot be assumed by the school or school district.
 - **Failure to file in a timely manner can lead to a status of “inactive – dissolved (administrative)”.**
- An SSO who has also been granted 501c3 status from the IRS is required to file an annual report with the IRS. Consult the IRS guidelines, or your accountant/legal advisor for reporting and/or filing requirements. As a separate legal entity, an SSO is responsible for completing this filing (if applicable) it cannot be assumed by the school or school district.
 - **Failure to file for three consecutive years will trigger automatic revocation of the organizations 501c3 tax-exempt status by the IRS.**
- SSO annual paperwork is required to be submitted to the BOE each school year by August 1, this needs to be done prior to the SSO receiving approval to operate (collect funds, fundraise, etc.) for the current school year. Exceptions may be granted for July activities.

TENNESSEE SECRETARY OF STATE

<https://sos.tn.gov/business-services/business-entity-filings>

SOS Business Filings & Information – 615-741-2286

- Business filings include a control # associated with the organization. Make sure you keep it in your SSO records to use when contacting the SOS with questions or filing reports.
- The SOS also requires an email on file for notices and communications.

INTERNAL REVENUE SERVICE

<https://www.irs.gov/charities-and-nonprofits>

- Tax exempt status from the IRS (501c3) is an exemption for the organization from paying federal income tax, an annual report must still be filed, even if no taxes are due. Organizations must apply (there is a fee to apply) to the IRS to be granted this status. Donations made to a 501c3 organization may be deductible for the donor, depending on their individual circumstances. Must be a true donation to support the organization, was anything received in return?

TENNESSEE DEPARTMENT OF REVENUE

<https://tn.gov/revenue.html>

Taxpayer Services General Call Center – 800-342-1003 or 615-253-0600

- A certificate of exemption from paying sales tax when making purchases is issued by the TN Dept. of Revenue. If the SSO has been granted 501c3 status, they may apply to the Dept. of Revenue for exemption from sales tax – this applies to purchases of items the organization makes with their funds (check, card) and only for items they will keep, use themselves, or give away. Not valid on items being resold (at cost or for a profit) or items paid for with personal funds.
- Schools and SSO pay sales tax (when required) at the time items are purchased and do not collect & remit it when making the sale (like a retail store is required to do). If sales tax is owed and not paid to the vendor, the SSO is required to remit the tax due directly to the TN Dept. of Revenue.

FUNDRAISING REQUIREMENTS

- SSO must be approved and submit complete required paperwork each year before conducting any fundraisers.
- SSO must submit and receive approval before undertaking any fundraising activity. Examples of fundraisers include selling goods or services, asking for donations from business or people, operating a concession stand, selling advertising/ads, etc.
 - Approval from the school administration
 - Completed and signed form submitted to the Superintendent of Schools (designee is the BOE Internal Audit Dept.)
- All Fundraising must be conducted according to the guidelines and requirements in the SSO manual, SCS Board Policy, and within the boundaries of all applicable laws.
 - Sales tax
 - Games of chance (raffles, bingo, pay-to-play-chance-to-win)
 - Food/beverage sales to students (Federal Smart Snack Law, SCS Board Policy)
 - Participation in fundraising guidelines (requirements, students & class time, school staff)
 - Inventory, financial records, profit/loss analysis, etc.
 - Handling and accounting for funds
 - Use of funds for designated purpose; benefit of the school/student body, or school program

SCHOOL SUPPORT ORGANIZATION FINANCES

- SSO must have its own EIN #, bank account, and sales tax exemption (may not use the schools or an individual's SS# or bank account).
- Must have at least three (3) officers/board members who are responsible for the operation of the SSO, this responsibility cannot be delegated to others. School staff may not give directives or “operate” the SSO.
- Officers must review all receipt and disbursement transactions, supporting documentation and bank statements at least monthly. Bank Statements must be reconciled in a timely manner.
- Officers must ensure compliance with the SSOFAA, the SSO Manual, IRS regulations, TN non-profit laws, SCBOE policies, and any other applicable federal or state regulations.
- The SSO shall designate an SSO officer as custodian of records. The financial and other entity records must be kept in an organized manner and protected from damage or theft. All records must be kept for a minimum of four (4) years. Some records must be kept permanently (see SSO manual for details). All records shall be turned over to the subsequently elected officers.
- The SSO shall provide access to all records (transaction records, books, bank account info., etc.), upon request, to the Comptroller, the school principal, SCS system officials, and to members of the organization.
- SSO must have written accounting and internal control policies and procedures approved by the officers.
- Money should be deposited daily, if possible, but must be within three (3) days of collection. Deposit slips must include an itemized listing of checks. It must be documented/noted what the funds received are for.
- “School funds” collected by an SSO (voluntarily or inadvertently) must be remitted to the school immediately. School funds may not be “held” by an SSO to be “used” by a coach or other staff member.

- Duties must be segregated between officers and members of the SSO. To safeguard funds and comply with guidelines and procedures, SSO must have more than one person involved with collecting, counting, depositing, and accounting for money.
- Require two signatures on all checks. More than one person should receive and review the bank statements and transaction information, including any electronic collections and payments. Checks may not be issued to “cash”, blank checks may not be signed.
- Debit card use may be approved with limited users & pre-authorized purchases. School staff (coaches, principal, etc.) may not have or use a SSO card, have access to funds, or be a signer on the account.
- The use of payment/money apps by an SSO is discouraged but not prohibited by the Comptroller’s office. Requirements of the manual must be met, or they cannot be used. The SSO board must authorize the use each year and have written guidelines and procedures for the use and oversight. They may not be associated with an individual's bank account – only the SSO. The use of Venmo is not recommend by the BOE.
- Best practice is for the SSO to operate as an organization giving grants to the school:
 - The school needs new or additional playground equipment, and the principal asks the SSO if they can help raise some funds for the project. The SSO votes to raise funds for the project. \$5,000 is raised by the SSO. The SSO writes a check to the school for \$5,000 and designates the funds for playground improvements. The school then follows the SCBOE purchasing procedures to get the project approved by the BOE and make the purchases, complete the project, etc.
 - The soccer program has a need for some new equipment (conditioning equipment, field maintenance items) and lets the booster club know these items are needed and an estimate to purchase them is \$3,500. The booster club votes to include in their budget \$3,500 for these purchases. The booster club sells concessions at the home games and has funds available from the profit earned during this SSO fundraiser. The SSO writes a check to the school earmarked for the soccer program. The coach follows the BOE purchasing procedures to make the purchase.

SCHOOL VS. SCHOOL SUPPORT ORGANIZATION FUNDS AND ACTIVITIES

- Funds in a school bank account are public funds regardless of the source.
- Student Activity Funds are defined as money received from any source for school-sponsored student activities or school sponsored events held at or in connection with a school (academic, art, clubs, athletics, social events, fundraising, fees, etc.) Money from any related school-sponsored activity that involves the use of school personnel, students, and property.
- Student Activity Funds may not be turned over to a SSO. Athletic gates and pass sales must go thru the school. Money from school sponsored fundraisers and activities must go thru the school.
- SSO funds are funds received by the SSO for SSO sponsored activities and fundraisers. “SSO sponsored” means the SSO oversees the activity, plans it and is in charge of the activity, does the collecting and accounting for the funds associated with the activity, pays the expenses of the activity, etc., and the activity is clearly advertised as an SSO activity.
- A SSO may not charge a fee (regardless of what it is called – dues, donation, etc.) for a student to participate in a school sponsored activity. A SSO may not require fundraiser participation. A SSO may not have “individual accounts” – the purpose of the 501c3 is to benefit the school or the school program and they must support the program as a whole and all members of the program.
- The principal may authorize SSO funds to be collected at the school only if, they are turned into the school/school staff in a sealed envelope and are labeled with the SSO name, student name, amount and purpose. An SSO representative will come pick up the envelopes each day from the school office.
- SSO funds must be used for the purpose they were collected, which must be for their purpose to benefit and support the school or school program which they were established/created to support.
- An agreement is required for a SSO or any outside group to operate a concession stand, parking or school bookstore on school grounds/at school activities. Inventory records and financial records are required to be kept by the SSO and submitted to the school.

GIFTS, WAGES, & SUCH

- Board policy prohibits employees from accepting gifts of more than token value.
- SSO should not give gifts of more than token value to coaches, teachers, staff, administrators, or anyone else.
- The total amount of a SSO budget spent on “staff hospitality events” and SSO officer/volunteer hospitality” should be a small, reasonable amount of the SSO budget.
- All supplements and wages for a SCBOE employee must be paid through the SCBOE payroll dept.
- All SSO funded positions (computer lab assistant, non-faculty assistant coach, extra work or 2nd job, etc.) and supplemental pay must be pre-approved and paid through the SCBOE payroll dept.
- Classified employees are subject to Federal Wage & Hour laws. May not “volunteer” in their work capacity, time and a half pay requirements may also apply.
- Income tax, FICA and Medicare and other mandatory payroll deductions apply to these payments.
- Staff may not be given gift cards or paid directly for work performed.
- Booster clubs may fundraiser to provide additional resources for their group as long as financial gifts/purchases to the schools or programs do not violate Title IX, Title VI, etc.
- All projects - permanent fixtures, updates/improvements, building and grounds alterations, athletic facilities, purchases above the SCBOE bid threshold require pre-approval by the BOE and purchases, project coordination, etc. through the BOE. All donated property & items, or items installed on BOE property become the property of the school district. Any SSO property must be insured by the SSO.

FRAUD, WASTE & ABUSE

- School Support Organization funds are very susceptible to theft and misuse. SSO officers must be engaged, responsible, have in place and follow financial controls, and transparency and oversight procedures.
 - Checks and balances
 - Ask questions
 - Be cautious about “making things too easy” with debit cards, cash apps, etc., willy nilly purchasing, having one person handle everything, not having procedures in place or not following the procedures, or having procedures in place that don’t work or don’t provide the needed oversight, etc.
- SSO officers have a responsibility for the ethical operation of the SSO and the responsibility to operate the SSO within the guidelines of the SSO Manual and 501c3 and non-profit organization requirements.
- SSO officers and school staff are required to report fraud, waste, and abuse of SSO funds.
- SSO are subject to audit by the Comptroller’s Office and the SCBOE.
- SSO officers can be held personally responsible for fraud, embezzlement, theft, etc. when they actively participate or authorize it (know about it and let it continue). Officers may also be held personally responsible for loans/debts incurred by the SSO or for SSO activities if there are injuries, property damage, etc.

THANK YOU, VOLUNTEERS!

Thank you for supporting your school and students! Your time, talents, and hard work are appreciated!

School Support Organization info page-
sumnerschools.org – resources tab

Dia Hall, Internal Audit Dept.
dia.hall@sumnerschools.org

