

Organizational Options for Parent Organizations (POs)

Option 1: PO with District Student Activity Fund Status

Under this option the PO shall:

- Operate as part of the District
- File a formal letter with the 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 numbers (Federal 84-6014380 and Colorado tax exempt number 98-02634) as restricted by statute
- Follow District purchasing policies and procedures and have all expenditures approved by the school principal
- Insure that all donations are made in compliance with Board policy KH, Public Gifts to Schools, with all checks made out to the District or the name of the specific school
- Participate in an annual training session put on by the Financial Services Department to provide training for new officers and insure 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's Internal Auditor and file it with the Financial Services Department, no later than June 30 each year
- Cooperate with the 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.

Option 2 and 3: PO with 501(c)(3) Non-Profit Status

Under this option the PO shall:

- Operate as a non-profit 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 501(c)(3) status and file an annual Internal Revenue Service Form 990 tax return. Copies of each of these shall be filed with the 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
- Purchase general liability insurance that meets or exceeds the following specifications: The policy limit of liability shall not be less than \$1,000,000 per occurrence for claims arising out of bodily injury, death and property damage. The policy form must include premises liability,

products and completed operations liability, personal and advertising injury liability, contractual liability, at least \$100,000 damage to rented premises coverage, and at least \$1000 medical payments coverage. The policy must be endorsed to include the District as an additional insured, with 30 days notice of cancellation provided to the District. Only occurrence policy forms are acceptable; claims-made policy forms are not acceptable. The District will accept policies written only by insurers legally authorized in the State of Colorado and rated by A.M. Best Company not lower than "A-VII". The parent organization must file a current certificate of liability insurance, evidencing the issuance of insurance meeting these specifications, annually with the District's Internal Auditor.

- Use their non-profit corporation name when entering into any contracts and/or permits. A designated officer of the non-profit 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 Financial Services Department by July 31st 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 their procedures and compliance with District policies and state and federal laws. The District's Internal Auditor shall provide the self-assessment checklist. In either case the results shall be filed, along with the annual financial report, with the 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.
- Cooperate with the District Internal Auditor during the assessment process
- Insure that all donations be made in compliance with Board policy KH, Public Gifts to Schools
- Participate in an annual training session put on by the Financial Services Department to provide training for new officers and insure that each organization is knowledgeable of any pertinent changes in District policy and state or federal law

Option 2 and 3 Disclaimer:

District insurance does not cover POs organized as non-profit corporations. Furthermore, the District is not liable or responsible for loss of their property or money, or the decisions made by the non-profit corporation, its board, or its officers. The non-profit 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. In rare situations an organization may be unable to meet all of the outlined commitments and may appeal to the District's Finance and Audit Committee for a waiver from a particular requirement.

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St. Vrain Valley School District RE-1J, Longmont, Colorado