

THE MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

Guidelines
for Sponsoring an
Independent Activity Fund
Fund Raiser

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Prepared by the Office of Shared Accountability

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Attachments:

1. Policy Statement CND, *School-Related Fund Raising*
2. Fund Raiser Request
3. Activity Account Reconciliation Report
4. *Manual of Policies and Procedures for Administering Independent Activity Funds*, Paragraph F.7,a,b,c.
5. MCPS Form 280-54, *Independent Activity Fund Request for a Purchase*
6. Fund Raiser Completion Report (blank form)
- 6A. Fund Raiser Completion Report (completed sample form)

A. Introduction

1. Purpose

This booklet is designed to assist sponsors in conducting Independent Activity Fund (IAF) fund raisers and understanding the policies and procedures that should be followed. Sponsors should contact the financial agent (usually the administrative secretary at elementary schools, the financial assistant in a middle school, and the financial assistant or business manager in a high school), to obtain the necessary forms and help in preparing them. The guidance provided in this booklet is intended to comply with and amplify those applicable provisions contained in the *Manual of Policies and Procedures for Administering Independent Activity Funds* (IAF manual) and other Montgomery County Public Schools regulations.

2. Policy Statement

All fund-raising activities shall be in accordance with Policy CND, *School-Related Fund Raising* (Attachment 1). This policy describes the recognized purposes for fund raising, advance authorizations required, and overall guidelines for such activities.

3. Advance Approval

Prior to initiating a fund raiser, a Fund Raiser Request (Attachment 2) should be prepared. This request should contain sufficient information to enable a determination as to whether the activity should be approved. It should be sent to the principal via the financial agent, as applicable. When planning an activity, any questions that sponsors may have concerning controls over student sales, collection of receipts, disposition of unsold merchandise, or other matters should be discussed and resolved at that time with the financial agent. At schools where many fund raisers are planned, it is suggested that the school first establish a schedule of activities during the year to prevent multiple fund raisers from occurring concurrently.

B. Accounting for Fund Raisers

1. Financial Records

Upon written approval of the activity, a separate account (in the 800 series) will be established by the financial agent in the IAF Activity Account Ledger (or Funds Ledger Report in the Quicken system). Separate accounts provide internal control to avoid the commingling of funds involving unrelated activities and enable an accurate evaluation of the results of the fund raiser through a

profit or loss analysis. All receipts, disbursements, and transfers will be recorded in the account. A monthly status report (Activity Account Reconciliation) of each account is sent to the applicable sponsors and a copy to the principal. This report (Attachment 3) should be compared with the sponsor's informal records (see below). A copy of the report, citing the sponsor's approval or noting any discrepancies, should be signed and returned to the financial agent promptly after receipt. The financial agent will, in turn, follow up monthly to ensure that all reports are returned. When a fund raiser is completed, the sponsor should provide the financial agent with a Fund Raiser Completion Report promptly so that the account balance can be transferred to the sponsoring account or the general account. (MCPS Form 281-46, *IAF-Transfer*, will be prepared to accomplish the transfer.)

2. Sponsor Records

As discussed above, the financial agent gives each sponsor a monthly report showing all transactions recorded in the account. Sponsors have an option to maintain the records required by the IAF Manual (Attachment 4) or, at a minimum, to reconcile their retained copies of receipt, disbursement, and transfer documents to the Activity Account Reconciliation Report monthly. All discrepancies should be resolved promptly with the financial agent.

C. Managing Fund Raisers

1. Purchases

Purchases should be made from reliable vendors. Sponsors shall obtain the necessary advance authorization for purchases and contracts by preparing MCPS Form 280-54, *Independent Activity Funds Request for a Purchase* (Attachment 5). This information is needed to allow the financial agent to certify that sufficient funds are available, to obtain advance authorization to proceed with the purchase, and to complete the subsequent vendor payment process. General guidance for purchasing merchandise is in Part II.C of the *Handbook for the Operation of School Stores*. Sponsors should have a clear understanding of the vendor's policy concerning the return of unsold merchandise.

2. Sales

To the extent practicable, all sales proceeds should be deposited intact daily. To avoid the risk of loss or theft, funds should not be held by sponsors or students. Sponsors should retain their copies of receipts for use in reconciling the monthly status report received from the financial agent. Retail sales tax should be collected for all taxable merchandise, as provided in the

IAF manual, paragraph G.9. Additional information on retail sales tax is in the *Handbook for the Operation of School Stores*, pages 7 and 8. Invoices and expenses should be paid in the same manner as other school expenditures and not paid out of cash receipts.

3. Admission Receipts

In some cases, fund-raising events may involve admission receipts and ticket sales (e.g. dances, shows, etc.). Procedures for handling these events are contained in Administrative Regulation DMB-RA, *Control of Admission Receipts*. Sponsors should contact the financial agent to obtain advice on how to carry out these procedures, the necessary tickets, and a cash report form.

4. Returned Checks

Checks accepted from customers should be made payable to the school. If any checks are returned by the bank due to insufficient funds, the amount of the check and the bank's return check charge will be deducted from the activity's account. Since a returned check cannot be re-deposited, repayment must be made to the IAF by cash, money order, or certified check made payable to the school.

5. Inventory Control

All merchandise received should be inspected, counted, and locked securely with restricted access to prevent losses. Sponsors should keep records of merchandise distributed to sellers and receipts turned in. All dispositions of unsold merchandise--whether returned to the vendor for credit, donated, or otherwise lost--should be noted.

6. Fund Raiser Completion Report

- a. At the completion of the activity, the sponsor should prepare a Fund Raiser Completion Report (Attachment 6, which can be photocopied). A more detailed *Statement of Profit or Loss on Sale of Merchandise*, MCPS Form 281-25 can be used if desired. Sponsors should request the assistance of the financial agent in preparing the report, since it is based on the IAF financial records. The purpose of the report is to analyze the results of the fund raiser.
- b. Because a fund raiser earned a profit does not necessarily indicate that an activity was a success or that it was managed effectively. The actual results should be compared with the profit expected. This is done by

completing the Analysis section of the Fund Raiser Completion Report. Actual results should be in line with expected profit. If not, the reasons for a profit shortfall should be noted in the Comments section of the report. After discussion with the sponsor, the financial agent will sign and forward the completed form to the business manager, if applicable, and to the principal.

- c. Attachment 6A is a completed sample Fund Raiser Completion Report. In this illustration, it should be noted that, based on the actual merchandise available for sale (purchases less returns to the vendor), the actual gross profit was less than expected, even though on the surface the profit was substantial. The reasons for this gross profit shortfall are shown in the Comments section of the report. (Also, note that the actual results would be less than originally expected when the Fund Raiser Request was prepared, partly because sales were less than anticipated.)

POLICY BOARD OF EDUCATION OF MONTGOMERY COUNTY

Related Entries: CNA-RA, DJA-RA, DJA-RB

School-Related Fund Raising

A. PURPOSE

To provide guidelines for school-related fund raising activities and to ensure that fund raising activities do not interfere with the instructional program or the responsibilities of MCPS staff

B. PROCESS AND CONTENT

The Board of Education recognizes that student organizations and parent groups sometimes provide financial support for school activities in Montgomery County. The Board also recognizes that some activities, such as school fairs, are important because they promote parent participation and result in increasing school and community spirit in addition to any amounts of money they raise for the school.

While many schools and PTAs have emphasized fund raising in the past, raising money is not their primary focus; and school staff should not become dependent on these funds, nor rely on them to purchase materials and instructional equipment. Parent groups are not expected to raise funds to support specific programs or purchase materials to enhance the instructional program. MCPS students are not expected to raise funds.

1. Recognized Purposes for School-related Fund Raising
 - a) Supporting activities of school organizations or clubs
 - b) Supporting activities that benefit the student body
 - c) Providing supplemental funds to help defray the costs of optional activities that enhance MCPS programs
 - d) Providing supplemental materials or equipment that enhance the instructional program or the administrative functions of the school

- e) Providing supplemental support for staff to participate in professional development activities
2. Examples of Appropriate Fund Raising Groups
- a) School-sponsored organizations and clubs
 - b) Individual school classes or grade-level groups
 - c) Parent-teacher associations
 - d) Other parent-sponsored organizations, such as booster clubs
 - e) Countywide student organizations
3. Additional Guidelines for Fund Raising Activities
- a) The principal must authorize in advance and in accordance with this policy all fund raising activities conducted by school-sponsored organizations or clubs and individual school classes or grade-level groups.
 - b) The deputy superintendent must authorize in advance all fund raising activities conducted by countywide student organizations.
 - c) The PTA, Booster Club, or other parent-sponsored organizations will plan and supervise all fund raising activities sponsored by these organizations. The principal will coordinate each activity in advance with the leadership of the organization to make certain that these activities do not interfere with the instructional program or previously planned school-sponsored fund raising activities. The principal will be responsible for informing the leadership when he/she feels the activity is not appropriate.
 - d) Representatives of a PTA or other parent-sponsored activity or a school club or organization will handle the daily collections of sales to avoid using or impacting instructional time, either directly or indirectly.
 - e) All funds received by a school shall be managed in accordance with the *Manual of Policies and Procedures for Administering Independent Activity Funds*.

- f) If funds are used to purchase supplemental educational materials or equipment that enhance the instructional program, or if such materials or equipment are donated, they become the property of MCPS and must be integrated into the MCPS curriculum. All materials and equipment must be approved for use in MCPS, must conform to appropriate standards, specifications, and guidelines, and must be appropriate to the curriculum in the grades where they are to be used. The guidelines established by the Division of Procurement must be followed whenever a school's independent activity funds are used to purchase materials and equipment.
- g) Funds raised by fund raising groups cannot be used to employ anyone to work in the schools during the regular school day.
- h) Principals must inform parents that neither the school nor MCPS endorses the products that are sold or sanctions the services that are offered by businesses.
- i) Fund raising activities are not to include residential door-to-door sales by any students.

4. Implementation of These Guidelines

The superintendent will establish whatever administrative regulations or other administrative procedures may be necessary for carrying out the fund raising guidelines outlined in this policy.

C. REVIEW AND REPORTING

This policy will be reviewed every three years in accordance with the Board of Education policy review process.

Policy History: Adopted by Resolution No. 311-89, May 22, 1989.

FUND RAISER REQUEST

To: Principal

Via: Business Manager/Financial Assistant

From: _____, Sponsor
_____ Organization

1. Description of proposed fund raiser, including the merchandise to be sold and the vendor (attach brochure, if available).

2. Dates: From:_____ To:_____

3. Budget: Expected receipts \$_____

Expected costs (_____)

Expected profit \$_____

4. Intended use of profit.

5. Will sales be completed prior to ordering merchandise?

6. Comments:

Recommendation:

Approved_____Disapproved_____

Approved_____Disapproved_____

Business Manager

Principal

MONTGOMERY COUNTY PUBLIC SCHOOLS

ACTIVITY ACCOUNT RECONCILIATION
810 SGA MERCHANDISE SALE

FROM: 07/01/00

TO : 03/27/01

REF# DATE DESCRIPTION CHK/REC# RECEIPTS DISB. TRANS.

REF#	DATE	DESCRIPTION	CHK/REC#	RECEIPTS	DISB.	TRANS.
		BEGINNING BALANCE =====>		.00		
073	12/6	R. SMITH – SALES	225	2,000.00	.00	.00
080	12/9	ABC SALES- PURCHASES	1010	.00	5,000.00	.00
074	12/10	R. SMITH – SALES	249	1,500.00	.00	.00
075	12/16	R. SMITH – SALES	270	1,400.00	.00	.00
076	1/8	R. SMITH – SALES	330	1,200.00	.00	.00
077	1/15	R. SMITH – SALES	345	900.00	.00	.00
078	2/20	ABC SALES- RETURN –UN SOLD	399	1,000.00	.00	.00
079	2/20	TRANS. PROFIT TO	5	.00	.00	-3,000.00

TOTALS				8,000.00		-3,000.00
					5,000.00	
CASH BALANCE =				.00		
ENCUMBERED =				.00		
WORKING BALANCE =				.00		

The information on this report is correct and complete to the best of my knowledge
Signature: _____ Date: _____

Please sign and return to the Financial Assistant

MONTGOMERY COUNTY PUBLIC SCHOOLS

ACTIVITY ACCOUNT RECONCILIATION

FROM:
TO:

EF#	DATE	DESCRIPTION	REC#	RECEIPTS	DISB.	TRANS.
		BEGINNING BALANCE		0.00	0.00	0.00
1073	12/6	R. SMITH - SALES	225	2,000.00	0.00	0.00
1080	12/9	ABC SALES CO. - PURCHASE	1010	0.00	5,000.00	0.00
1074	12/10	R. SMITH - SALES	249	1,500.00	0.00	0.00
1075	12/16	R. SMITH - SALES	270	1,400.00	0.00	0.00
1076	1/8	R. SMITH - SALES	330	1,200.00	0.00	0.00
1077	1/15	R. SMITH - SALES	345	900.00	0.00	0.00
1078	2/20	ABC SALES CO - RETURN - UNSOLD	399	1,000.00	0.00	0.00
1079	2/20	TRANS. PROFIT TO	5	0.00	0.00	-3,000.00
TOTALS				8,000.00	5,000.00	-3,000.00
CASH BALANCE =				0.00		
ENCUMBERED =				0.00		
WORKING BALANCE				<u>0.00</u>		

The information on this report is correct & complete to the best of my knowledge

Manual of Policies for Administering Independent Activity Funds

7. Sponsor Records

- a. Activity sponsors should receive, from the financial agent, a monthly activity account reconciliation report showing all transactions recorded in the account. Sponsors have an option to maintain the records required in subparagraph b. below or, at a minimum, reconcile their retained copies of receipt, disbursement, and transfer documents to an activity account reconciliation report monthly. After review by the sponsor, the report should be returned to the financial agent and signed as to its accuracy or discrepancies cited. All discrepancies should be resolved promptly with the financial agent. This information should be held for a minimum of five years by the sponsor or the school.
- b. Activity sponsors should keep a detailed record of receipts and disbursements for each activity showing the number of units involved, the unit cost, the total cost, the unit selling price, the total selling price, together with the opening balance and the balance to date in their account. This detailed information is to be compared monthly with the corresponding activity account reconciliation report and discrepancies resolved with the financial agent.
- c. The financial agent shall maintain a control (for example, a check-off list) to identify and follow-up on those activity account reconciliation reports not returned by sponsors.

FUND RAISER COMPLETION REPORT

Sponsor _____ Organization _____

Fund Raising Activity _____

Date(s) Held _____ Account No: _____

Activity Account Reconciliation report data and vendor invoices

1.	Receipts from Sales		\$	_____
2.	Costs			
	Merchandise Purchases		\$	_____
	Less: Returning to vendor		(_____)	
	Total Costs ¹			\$ _____
3.	Gross Profit (or Loss) ²	(Line 1 minus Line 2)		\$ _____

Profit (or Loss) Analysis

4.	Merchandise available for sale ³			\$ _____
5.	Less: Total Costs	(Line 2)		\$ _____
6.	Anticipated Gross Profit	(Line 4 minus Line 5)		\$ _____
7.	Less: Actual Gross Profit (or Loss)	(Line 3)		\$ _____
8.	Gross Profit Shortfall	(Line 6 minus Line 7)		\$ _____

Comments:

(Indicate any unsold or damaged merchandise not returned to vendor, authorized giveaways, uncollected sales receipts, losses of collected funds or merchandise, etc.)

Prepared by _____ Date _____
 Reviewed by _____ Date _____

¹ Includes only disbursements related to the cost of sales.

² For information on sales tax, where applicable, see page 3.

³ The number of units available for sale after returns to vendors, at the unit sales price.

FUND RAISER COMPLETION REPORT

Sponsor R. Smith Organization SGA

Fund Raising Activity Merchandise Sales

Date(s) Held 12/6/00 – 1/15/01 Account No: 701

Activity Account Reconciliation report data and vendor invoices

1.	Receipts from Sales		\$ 7,000
2.	Costs		
	Merchandise Purchases	\$ 5,000	
	Less: Returning to vendor	<u>(1,000)</u>	
	Total Costs ¹		<u>\$ 4,000</u>
3.	Gross Profit (or Loss) ²	(Line 1 minus Line 2)	<u>\$ 3,000</u>

Profit (or Loss) Analysis

4.	Merchandise available for sale ³	(800 units @ \$10.00 sale price)	\$ 8,000
5.	Less: Total Costs	(Line 2)	(4,000)
6.	Anticipated Gross Profit	(Line 4 minus Line 5)	\$ 4,000
7.	Less: Actual Gross Profit (or Loss)	(Line 3)	(3,000)
8.	Gross Profit Shortfall	(Line 6 minus Line 7)	<u>\$ 1,000</u>

Comments:

(Indicate any unsold or damaged merchandise not returned to vendor, authorized giveaways, uncollected sales receipts, losses of collected funds or merchandise, etc.)

Unsold and damaged merchandise not returned (50 units @ \$10.00)	\$500
Authorized giveaways (45 units @ \$10.00)	450
Profit shortfall unaccounted for	50

Prepared by _____ Date _____
Reviewed by _____ Date _____

¹ Includes only disbursements related to the cost of sales.
² For information on sales tax, where applicable, see page 3.
³ The number of units available for sale after returns to vendors, at the unit sales price.

FUND RAISER COMPLETION REPORT

Sponsor R. Smith Organization SGAFund Raising Activity Merchandise SalesDate(s) Held 12/6/00 – 1/15/01 Account No: 701Activity Account Reconciliation report data and vendor invoices

1.	Receipts from Sales		\$ 7,000
2.	Costs		
	Merchandise Purchases	\$ 5,000	
	Less: Returning to vendor	<u>(1,000)</u>	
	Total Costs ¹		\$ <u>4,000</u>
3.	Gross Profit (or Loss) ²	(Line 1 minus Line 2)	\$ <u>3,000</u>

Profit (or Loss) Analysis

4.	Merchandise available for sale ³	(800 units @ \$10.00 sale price)	\$ 8,000
5.	Less: Total Costs	(Line 2)	(4,000)
6.	Anticipated Gross Profit	(Line 4 minus Line 5)	\$ 4,000
7.	Less: Actual Gross Profit (or Loss)	(Line 3)	(3,000)
8.	Gross Profit Shortfall	(Line 6 minus Line 7)	\$ <u>1,000</u>

Comments:

(Indicate any unsold or damaged merchandise not returned to vendor, authorized giveaways, uncollected sales receipts, losses of collected funds or merchandise, etc.)

Unsold and damaged merchandise not returned (50 units @ \$10.00)	\$500
Authorized giveaways (45 units @ \$10.00)	450
Profit shortfall unaccounted for	50

Prepared by _____ Date _____

Reviewed by _____ Date _____

¹ Includes only disbursements related to the cost of sales.² For information on sales tax, where applicable, see page 3.³ The number of units available for sale after returns to vendors, at the unit sales price.