

# ***Student Activity Fund Manual***



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SCHOOL DISTRICT OF PHILADELPHIA

STUDENT ACITVITY FUND MANUAL

2019-2020

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## I. Purpose

The purpose of this manual is to provide principals, financial designees, school staff and students the rules, regulations and procedures to be followed in administering, safeguarding and accounting for Student Activity Funds (SAF).

## II. General Principles

There are four classifications of money that are accounted for in the SAF bank account. They are as follows:

1. True student activity funds - student-owned property, in the nature of a trust, for educational or educational-related purposes (e.g. Clubs, etc.).
2. Private funds - funds given for a special purpose to a school official, acting as their agent, for the purchase of goods and/or services (e.g. Class rings, class trips, etc...).
3. Private grant funds or contributions in amounts of \$5,000 and under.
4. School related funds - not true SAF funds but are often times collected by the school and deposited temporarily in the SAF bank account. (See section X)

Every activity should be accounted for in a separate "account" as approved by the principal. (See Exhibit 1 in Section XVII for the "Request to Establish a Student Activity" form)

Student activity funds are to be collected and disbursed under the general direction of the principal. The principal is required to sign all check disbursements and sign the bank reconciliations, among other items, confirming the deposits made into the account are complete and accurate.

The principal should involve, in the decision-making process, those student groups and faculty members who are responsible for generating revenue for approved activities/projects. In order to evidence the involvement of students in the decision-making process, detailed minutes are to be kept of each meeting showing students present, the issues to be resolved and the decision/outcome that was reached.

Student activity funds shall, in so far as possible, be expended in such a way as to benefit those students currently in school who have contributed to the accumulation of such funds. (See Section XI regarding the Student Body Activity Account)

Any interest earned on the student activity funds checking account is to be prorated to each activity based on its average monthly balance. However, if this is not practical as the amount may be small or there are a large number of activities, then it is permissible to apply the interest earnings directly to the Student Body Activities Account. Interest earned on investment accounts specifically related to certain activities (i.e. CD accounts tied to a memorial or scholarship fund) should be credited directly to the related activity.

The principal has a fiduciary responsibility to minimize bank fees charged to the account, to the extent reasonably possible. This includes any monthly bank fees, overdraft fees, statement fees, etc.

School Funds On-Line (“SFO”), a web-based system, is the ONLY allowable accounting and reporting program to be utilized for student activity funds at the School District of Philadelphia. See Section V (a). The management of Student Activity Funds shall be in accordance with sound business practices, including sound budgetary and internal control procedures which are subject to audit.

Each school should have an appointed financial designee who is the user of the School Funds On-Line program.

Money belonging to the Home and School Association or similar type organizations shall not be deposited into the same bank account as the student activity funds. The school and related school personnel should not have any involvement with the money of another legal entity.

Adherence to the principles listed above will do much to guarantee a worthwhile program of student activities and to generate confidence in the conduct of these activities on the part of students, parents and faculty.

### III. Responsibilities of the Principal

This section details the responsibilities of the principal with regard to Student Activity Funds. In cases where the principal is also the financial designee, please also refer to Section IV Responsibilities of the Financial Designee.

General responsibilities of the principal include:

- 1) Managing and controlling the Student Activity Funds. Specifically, he/she is:
  - a) Strictly and personally accountable for all monies entrusted to him/her.
  - b) To monitor individual club balances, including requesting updated budgets.
  - c) Liable for losses resulting from administrative negligence, illegal acts, and for liabilities and disbursements not in accordance with the Pennsylvania School Code (section 511) and the policies and procedures of the School District of Philadelphia.
  - d) Responsible for taking appropriate correction action, in accordance with union agreements, in the event that a financial designee or activity sponsor is not performing the required tasks to accomplish the activity, or not adhering to the School Code of Pennsylvania or the policies and procedures of the School District of Philadelphia.
- 2) Serving as the activity sponsor and administrator of resource funds, which include the Student Body Activities Account (SBAA) and “Special Funds”. See Section II General Principles for a discussion of the classification of accounts within the Student Activities Fund, or Section XI for the Student Body Activities Account.
- 3) Question and resolve unexplained differences and unusual transactions in the Student Activity Funds.
- 4) Have a plan to limit the accumulation of funds and form a committee to determine appropriate expenditure of accumulated funds.
- 5) Reviewing the records maintained by the financial designee to ensure that they are in order and the finances are accounted for, whenever there is a change in the financial designee or principal, and agree to the fund balance for which the new principal is to be responsible, if applicable. Further, the new principal should ensure that the Asset Transfer Form is properly completed with the balances of each account reported on the form. The form is to

be signed by the outgoing and incoming financial designee and the principal that the balances reported are correct. See Exhibit 2 in Section XVII for the Asset Transfer Form.

#### IV. Responsibilities of Financial Designee

This section details the responsibilities of the financial designee with regard to Student Activity Funds.

General responsibilities of the financial designee include:

- 1) Maintaining the books and records of the Student Activity Funds.
- 2) Creating a new activity within SFO based on a principal approved "Request to Establish a Student Activity" form. This form should be completed and approved by the principal, as evidenced by a signature, every time a new activity account is created. See Exhibit 1 in Section XVII for the Request To Establish A Student Activity Fund.
  - a) Written acknowledgement from all activity sponsors of their responsibilities should be obtained:
    - (1) Every time a new activity is formed by signing the "Request To Establish A Student Activity Form", or
    - (2) Whenever a new activity sponsor is named for an existing activity;
    - (3) Otherwise on an annual basis at a minimum, for those recurring activities whose sponsor does not change
- 3) Preparing the monthly bank reconciliations and reports for all bank accounts at the end of the month or quarter, as required. These reports are to be submitted to the principal for review and signature. Upon approval, signed bank reconciliations and reports should be maintained on file by the financial designee. See Section VI School Funds Online and Section VII Required Reporting for how to complete these reconciliations and reports.
- 4) Retaining all banking and financial records in the school at least seven years.
- 5) Reviewing the records of each activity sponsor at the end of each quarterly financial reporting period, providing an account balance for the activity sponsor to reconcile, and ascertaining that the procedures prescribed in this manual are being followed. Any discrepancies should be investigated promptly and brought to the attention of the Principal and the school's assigned Accounting Compliance and control Monitor ("ACCM").
- 6) Managing receipts of money with proper documentation in accordance with Section VII (A) Banking Requirements.
- 7) Managing disbursements with proper documentation in accordance with Section VII (B) Banking Requirements. All payments should be made by check with adequate original documentation, as no debit cards are permitted. Under no circumstances is cash to be utilized for payment.
- 8) Bidding
  - a) The School District of Philadelphia requires that at least three (3) competitive bids be solicited and retained on file for all photography and yearbook contracts and any purchase of materials and supplies not for the purchase of fundraising that go through the Student Activity Funds exceeding \$4,000. Services such as those for prom hotels/restaurants and music groups are not subject to bidding. All materials and supplies costing \$10,000 or more are subject to the competitive bidding and advertising requirements. Also see Section IX (a) for Administration of Yearbook Sales and (f) for Photography Sales.

- b) Purchases should be made from the lowest responsible bidder on the basis of price, quality, and service.
  - c) If the purchase of such items as rings, yearbooks and pictures are made directly by the students and no transactions go through the Student Activity Funds, bidding is not required.
- 9) Maintaining unused funds / items
- a) When an activity becomes inactive, a decision must be made about the disposition of those funds. Students must be allowed to vote on alternatives for the disposition of surplus class dues.
  - b) The graduating class or disbanding organization must use for, or commit to, a proper school-related purpose the unexpended balance of its account prior to graduation or dissolution, or as soon as reasonably possible thereafter, but in no case longer than one year. (See Exhibit 4 in Section XVII for the “Disposition of Fund Surplus” form).
  - c) Monies left unused or uncommitted for one year or more after graduation of the class or club members shall be deemed to have been committed and transferred to the Student Body Activities Account for any school-related purpose.
  - d) Items purchased with student activity funds through operations belong to the school and is part of personal property owned by the School District of Philadelphia. Accordingly, these items should be disposed of following the personal property policy and procedures.
- 10) Managing contracts
- a) Student groups may obligate themselves by contract for materials or services only over the signature of the Principal, provided that legal requirements for bidding and School District policies are followed.
    - (1) Contracts, presented by vendors such as musical groups and yearbook publishers, should be reviewed by the Principal.
    - (2) A copy of the District's Addendum should be attached to a contract whenever the protection it affords would be warranted. It must be signed by both parties. See Exhibit 5 in Section XVII for the “Addendum for Student Funds Contracts” Form.
    - (3) Any person who is paid by Student Activities Funds for services rendered, including students, is to be issued Federal Form 1099-MISC by the School District of Philadelphia. Schools are to obtain Internal Revenue Service Form W-9 prior to payments being made. See Section XVI for IRS Form 1099-MISC Reporting.
- 11) Paying Sales Tax
- a) Use of sale tax exemption is restricted to purchases made by the School District. Purchases made by individuals or student activities are not exempt from sales tax. See discussion in Section XIV Sales Tax Issues.

V. Responsibilities of Activity Sponsor

General responsibilities of the Activity Sponsor include:

- 1) Developing a reasonable budget for the activity, with a student representative, to be approved by the principal.
  - (a) Each activity is to present their budget, with The “Request to Establish A Student Activity” or at the beginning of the school year for a recurring activity. No activity is to begin operating until their budget is approved.

- (b) Periodically prepare updates on the program’s actual performance versus the budget.
- 2) Depositing money received from the students promptly with the financial designee. Under no circumstances shall an activity sponsor:
  - (a) Leave cash receipts in a classroom overnight, or
  - (b) Maintain a separate bank account, or
  - (c) Draw money orders on receipts not properly deposited, or
  - (d) Make payments directly out of cash receipts
- 3) Initiate requests for check payments with the financial designee.
- 4) Maintaining adequate records to:
  - (a) Evidence student participation in activity decision making. Examples include meeting minutes, vote results, or signature(s) of the student representative(s) underneath a written description of an agreed upon course of action.
  - (b) Document the receipt of money as to the source (name of student or person), date received, and purpose of funds.
  - (c) Account for Specific Activities (see Section IX).

VI. Software

a. School Funds Online

School Funds Online (SFO) by “TRA” is a web-delivered software application designed to automate the tracking of funds collected and disbursed at the school level. SFO is a comprehensive school financial management system which meets the needs for student activity accounting at the School District of Philadelphia. SFO offers real-time access to school data, as well as a powerful suite of centralized tools for reporting and monitoring of school activities. The SFO software is provided by Technology Resource Associates, Inc. (TRA), <http://www.trasoft.net>.

SFO is the only method permissible for accounting for Student Activity Funds as it provides consistency across all schools. SFO must be used for:

Entering all cash collected (receipts)

Entering all bank deposits (deposits)

Entering and printing all checks (disbursements) – checks must be purchased through TRA

Month-end activity and balance reporting

Bank account reconciliations

It also supports remote access and oversight and also allows the School District to be in compliance with the IRS and Pennsylvania Department Education (PDE) requirements.

The Financial Designee is the user of the system; see section IV for responsibilities. The financial designee can be the Principal or someone the Principal has designated. The financial designee is responsible for the quarterly reporting process. All required documents are to be printed from SFO, signed by the principal and submitted quarterly to you ACCM in accordance with the following schedule:

December, January, February – March 20<sup>th</sup>

March, April, May – June 20<sup>th</sup>

June, July, August – September 20<sup>th</sup>

September, October, November – December 20<sup>th</sup>

- ***See required reporting (Section VII) for details or what needs to be completed***

For troubleshooting with SFO, including username and password resets, please contact your ACCM for assistance or call the ACCM hotline: 215-400-4521.

Please click [here](#) to access the SFO manual for detailed, step-by-step instructions on entering and processing a transaction types and running reports.

#### b. Online School Payments

Online School Payments (OSP) is a separate module of SFO which allows parents, students or guardians to pay for school activities, events or school items online using a debit or credit card online from within an easy to use web based portal. This is the only method for accepting credit cards. The online portal is maintained by the Financial Designee who creates the activities, events or other school items within the system. By using this software the Financial Designee will reduce the amount of cash to receipt and deposits made at the bank. To begin to utilize this module, contact your assigned ACCM.

#### c. Online Teacher Receipting

Online Teacher Receipting (OTR) is a separate module of SFO which provides for a fully integrated online school activity receipting system which allows teachers and other school staff to process cash or checks received from parents or students. Receipts can be printed and/or emailed to the parent or student. The software allows for tracking of individual student payments and reduces the paperwork necessary to monitor payment history for each student. To begin to utilize this module, contact your assigned ACCM.

## VII. Required Reporting

The Financial Designee is responsible for the quarterly reporting process. All required documents are to be printed from "School Funds Online", signed by the Principal and submitted quarterly to your Accounting Compliance and Control Monitor (ACCM) in accordance with the following schedule:

December, January and February

March 20<sup>th</sup>



March, April and May

June 20th

June, July and August

September 20th

September, October and November

December 20<sup>th</sup>

*(Note: This quarterly hard copy submission is required for auditing purposes. This is a monthly process that is submitted quarterly, at a minimum. All schools, except for elementary schools, are required to prepare monthly bank reconciliations. Elementary schools need to reconcile bank accounts at least on a quarterly basis to meet the same above submission dates.)*

For each month noted above, please facilitate the submission of the following reports by the indicated due date above:

- Bank Reconciliation (all four sections signed by Principal - Bank Reconciliation, Cleared Checks, Deposits in Transit, Outstanding Checks) (See section 10: Bank Reconciliation of the SFO User's Guide)
- Copy of corresponding bank statement

VIII. Month to Date Account Report signed by Principal (See section 9: Reports menu of the SFO User's Guide) Banking Requirements

All Student Activity Funds (SAF) shall be deposited with Wells Fargo Bank, the district approved banking relationship. The SAF shall be deposited in one checking account. The School Principal should be the signer in the SAF bank accounts unless the school receives authorization from Treasury to do otherwise due to special circumstances. The EIN to be used by schools when opening bank accounts is 23-6004102 and the title of the bank account should be in the following format:

School District of Philadelphia  
(Name of the School) – Student Activity Funds

In order to open or close a bank account or in the event to change signers in an actual SAF bank account the school principal needs to fill out the form SEH-196 (See Exhibit 8 in Section XVII) and submit this to Treasury before making any changes. Treasury will prepare a letter authorizing the bank institution to open, close or change signers in any SAF bank account.

All SAF bank accounts should receive monthly bank statements with an ending day as of the last calendar day (bank's last business day) of the month. Principals need to request from banks to have the account monthly cut-off as the last day of the month in order to facilitate the monthly bank reconciliation. The use of SAF accounts with Automatic Teller Machine (ATM), debit or credit cards is prohibited. The SAF bank accounts should not allow the school to perform electronic transfers or electronic payments of funds for any transactions. All withdrawals need to be done by check with the Principal's signature on the document.

All Student Activity Bank accounts will use TRA check stock for all their transactions. Schools are required to order checks from TRA using the uniform check format approved for all the School District schools.

All checks are to be accounted for, including spoiled and voided checks, and unused checks must be properly controlled and safeguarded.

Bank records and all relative SAF documentation must remain on the school premises in a secure location. At no time should cash receipt records or the checks be taken to an individual's home.

#### A) Cash Receipts

The following procedures must be followed for receiving and depositing cash receipts with regards to Student Activity Funds:

1. The Activity Sponsor does the following:
  - a. Funds should be collected, counted and a record of the receipts maintained by the activity sponsor or other authorized individual.
  - b. The Activity Sponsor should immediately deposit the funds with the school Financial Designee and receive a printed receipt from the SFO software (PREFERRED METHOD) or a copy of the Deposit Slip Form (H-200) for the funds deposited.
  - c. At no time should students be assigned to transport deposits to the Financial Designee.
  - d. The Activity Sponsor is responsible to make sure the monies are counted immediately and any discrepancies are solved before leaving the presence of the Financial Designee.
  - e. Under no circumstances the Activity Sponsor will use the funds received from an activity to pay vendors or reimburse for expenses incurred for the activity. All payments should be generated by check from the SAF account.
2. The Financial Designee does the following:
  - a. Accepts deposits from Activity Sponsors counting it in their presence and enters the transaction to the TRA system in order to produce a receipt to be signed and handed to the Activity Sponsor for his records.
  - b. Makes sure that the funds collected are kept on a secure place (school safe) in order to have them deposited at the bank as soon as possible.
  - c. Prepares the bank deposit slips and endorses the checks received in order to be deposited at the school SAF bank account.

#### B) Disbursements

The following procedures must be followed for in order to make payments from the Student Activity Funds:

1. For each payment request:
  - a. All disbursements are to be made by check and must indicate the reason for payment. Therefore, all check stubs should include the date, payee, amount of the check, invoice number, description for the payment and the student activity accounts to be charged for this payment.
  - b. Activity Sponsors are to prepare a Payment Voucher Form (Form H-201).
  - c. Present the voucher and the original invoice to the Principal for approval

- d.** The principal, upon satisfactory review is to approve the transaction by signing the payment voucher. Before signing the voucher the Principal will contact the Financial Designee to make sure the Student Activity account has enough funds in order to cover the disbursement. The Financial Designee shall not process any expenditure if the balance of the activity account is insufficient.
- e.** Once the payment voucher is signed by the principal, the Financial Designee will take all the documentation and will make sure that the payment voucher has the approval signatures and that the amount on of the payment voucher agrees with the invoice and the rest of the supporting documentation (quotes, proposals, etc).
- f.** The Financial Designee makes sure that all the arithmetic on the invoice is correct and that all the information needed to cut a check is complete and accurate before entering the information into the SFO system.
- g.** The Financial Designee will enter the vendor information into the SFO system making sure that the information is complete. This includes the Employer Identification Number (EIN) for individuals providing services to be paid by the Student Activity Funds account. (i.e - payment for an individual that will provide DJ services for a student activity).
- h.** Once the payment information (including the Student Activity account that will be charged for the payment) is entered into the SFO system the Financial Designee will print the checks out of the computer (TRA check forms) which include 3 parts:
  - i.** The first (top section) is the vendor stub and this is to make sure that the vendor recognizes and applies the payment to the proper customer and invoice number
  - ii.** The second (middle section) is the check that the vendor will deposit on their bank account
  - iii.** The third (bottom section) is the Office Copy which is the part that needs to be tear and then stapled to the payment documents in order to be filed at the school office
- i.** Finally the checks will receive the final review from the School Principal who will sign them in order for the Financial Designee to mail or hand delivers them to the payees.
- j.** As previously mentioned, the integrity of the dollars must be maintained. That is, at no time must payments be made from receipts prior to their deposit. At no time checks will be cashed for individuals, nor will any form of labor be paid in cash.
- k.** The Financial Designee maintains a file of paid invoices with the checks (Invoices, payment vouchers, supporting documentation and the TRA Checks Office Copy) in sequential (numeric) order to be kept safe at the school building for the next 7 years.

### C) Bank Reconciliations

Preparing the bank reconciliation (and having it reviewed and signed by the Principal) is one of the most important internal controls in the Student Activity Funds process.

- A properly prepared bank reconciliation shows exactly how much money is available in the account.
- It independently validate that the cash receipts and cash disbursements reported in the SFO system (and correspondingly, in the Financial Reports) are correct.

- Bank Reconciliations identify transactions. Only transactions that have been recorded in the SFO system should be found in the bank statement. A routine exception to this will be a bank service charge for an extraordinary transaction.
- Unidentified transactions means one of two things:
  - Something was not booked (was missed) and needs to be accounted for.
  - Someone other than the Financial Designee is taking or putting funds into the account.
    - In any event, both situations need to be investigated immediately.
    - The Financial Designee or the School Principal should contact the bank and request copies of the unrecorded transactions
    - Once the backup is obtained, either:
      - Record the transaction in the SFO system (if you determine that an item was missed).
      - Inform the bank that there are unauthorized transactions occurring.
      - Notify your Accounting Compliance Monitor (ACCM). You may need help from the Accounting Department in order to fix the issue.
- Reconciliations should be prepared monthly and as soon as the bank statements are received. Elementary schools are permitted to perform bank reconciliations quarterly, as deemed necessary. The completed and signed monthly bank reconciliation should be sent to your ACCM by the 20<sup>th</sup> of the following month prepared.
- The Financial Designee should carefully monitor the outstanding check list:
  - If a check becomes stale (i.e. – It is outstanding for longer than six months), an inquiry should be made to the payee if possible as to why they have not cashed the check.
  - Once the payee is contacted determine if the check should be re-issued, written off or if the payee intends to cash it.

## IX. Budgeting

A budget is required for each of the following activities every year:

- Fundraising activities
- Collection of student dues
- Class trips
- Athletic events
- School productions
- Other special activities as deemed appropriate

A budget serves as a management tool for the Principal, activity sponsors and student officers. The purpose of a budget is to:

- Forecast income and expenditures
- Serve as a benchmark once the operations begin (monitor activity).
- Serve as a tool for decision making

## The budgeting process:

- Start with an estimate of anticipated expenses.
  - Solicit bids and make inquiries with vendors in order to estimate the required funds.
- Estimate the number of students who will be participating in the activity.
  - Calculate the cost per student that needs to be collected or raised through fund-raisers or other sources of revenue.
  - Estimate student involvement conservatively so that you do not underestimate the cost per student that should be collected.
- A good budget should incorporate a surplus of funds to cover unanticipated setbacks such as additional ancillary costs.
- Once the budget has been prepared, it needs to be formally adopted by the sponsor and the students.
  - This should be documented with minutes and then presented to the Principal for approval.
  - The budget should be monitored continuously to prevent a shortfall in funds.

## Notes:

- Use of the budget by the principal, activity sponsor, and student offices is imperative in order to carefully monitor the financial viability of the activities.
- Assumptions made during the budgeting process regarding costs and student participation periodically need to be compared with the actual costs and cash collected to ensure that the activity is not headed towards a deficit.
- A budget serves as an invaluable tool that helps in securing the financial success of a student activity.
- The process provides students with an important opportunity to gain real life experience in developing and successfully managing the financial aspects of an activity.

## X. Accounting for Specific Activities

### a. Administration of Yearbook Sales

- 1) At least three competitive bids are to be solicited for purchases over \$4,000.
- 2) The Principal should not sign a yearbook contract unless there are adequate purchase commitments by students and faculty. A multiple-year contract with a publisher should never be signed.
  - a) Deposits made by students and faculty should be at least 75% of the cost of the yearbook and should be collected before an order is placed.
  - b) The balance of the yearbook cost should be collected as soon as possible after the order is placed and the money given to the Financial Designee for deposit.
  - c) Yearbooks are not to be distributed until the purchaser has paid the cost in full.
  - d) Complimentary copies are prohibited.
  - e) Students should be informed that refunds will not be given after the order is placed with the publisher.
- 3) Records should be maintained by the Activity Sponsor to provide a reconciliation of sales and books on hand with cash receipts. A copy of the reconciliation should be submitted to the Principal for review and retained on file by the Financial Designee for at least three years.

- 4) The School District will not pay for any yearbook debts. Responsibility for debt lies with the person(s) who signed the contract with a publisher and/or administered the activity.
- 5) Contracts are to be retained on file by the Financial Designee.

b. Athletics

Types of events

1. Ticket sales for games.
2. Food sales at games.
3. School's share of income from inter-league games
4. Fundraising for specific athletic team or equipment (See Fundraising activities in Section VIII, subsection D)

Receipts - Most receipts will arise from ticket sales.

1. The activity sponsor prepares the Event Statement of Income and turns in the money collected with the Event Statement of Income to the finance designee.
2. The finance designee counts the money and verifies it agrees with the Event Statement of Income.
3. The finance designee enters the receipt into School Funds Online, prints the receipt, signs it, and gives the bottom portion to the activity sponsor for their records.

**NOTE:** Beginning in fiscal year 2015, the State of PA requires that all athletic activity is accounted for separately by sport, varsity / junior varsity and gender. For example: activities involving Boys Varsity Basketball, Girls Varsity Basketball, Boys Junior Varsity Basketball and Girls Junior Varsity Basketball are all accounted for separately. They should not be combined into one account. Individual athletic accounts are set-up in School Funds Online for your convenience.

Payments - Any payment from athletic activity funds should be:

1. Made by check
2. Printed from School Funds Online
3. Charged to the correct athletic activity account in School Funds Online.

c. Class Finances

Receipts:

Accounting for receipts is the most complex and cumbersome aspect of accounting for class dues. This is because there are several hand-offs involved in the process and an audit trail and accounting must be established for each hand-off. The first hand-off occurs when a student pays his class dues to the homeroom teacher. The second hand-off occurs when the homeroom teacher gives all the class dues collected in a day to the Class Sponsor. The last hand-off occurs when the Class Sponsor gives the deposit to the Financial Designee.

The following describes the procedures for each of these hand-offs:

Homeroom Teacher Responsibilities

1. The student **must be** issued a receipt.
2. The student **must** be issued a receipt.
3. The Homeroom teacher must apply this payment to the student's various class
4. The Homeroom teacher must total all the receipts collected from all the students and deliver them to the Class Sponsor.

#### Class Sponsor's Responsibilities

1. Count the cash received in front of the Homeroom teacher.
2. Total the receipts received from the Homeroom teacher and reconcile this total to the cash received.
3. Issue a receipt to the Homeroom teacher acknowledging the cash received.
4. Prepare a cumulative total spreadsheet listing the students and activities and post the payments received to the student's account on the spreadsheet.
5. Prepare a Form H-200 (School Deposit slip) for all cash received and give it to the Financial Designee. The Class sponsor should receive a receipt from the Financial Designee.
6. Keep a copy of the Form 209-A which was prepared and submitted by the Homeroom teacher.

#### Financial Designee's Responsibilities

1. The Financial Designee counts the cash receipt in front of the Class Sponsor.
2. They issue a receipt to the Class Sponsor.
3. They deposit the cash received into the bank promptly along with the day's other receipts.

#### Payments:

1. Payments **must not** be made out of cash receipts. Deposits must match the total receipts.

Upon receipt of an original invoice and Payment Voucher (Form H-201) approved by both the sponsor and principal, the Financial Designee can prepare a check for the payment of the activity expense. Accepting rebates from vendors is prohibited.

#### Other Rules Governing the Disposition of Dues

The Class Sponsor must obtain the approval of the Principal before initiating the collection of dues.

The disposition of any cash surplus should be decided before graduation by the class (see attached Class Will Form). The result should be written by the Class Sponsor and signed by all class officers; the Class sponsor should retain a copy and give the original to the Financial Designee.

The graduating class or disbanding organization must use or commit to use the remaining funds for a proper school-related purpose prior to graduation or dissolution, or as soon as reasonably possible thereafter, but in no case longer than one year. Any balance remaining after one year is to be transferred to the General Activity Fund for any school related purpose.

The value of any gift to a faculty member should not exceed \$100.00.

Any reimbursement of expenses claimed by a faculty member attending a student function should not exceed \$50.00 without the approval of the principal.

- d. Fund-raising Activities - Under construction
- e. Gifts, Grants and Scholarships – Under construction
- f. Photography Sales – Under construction
- g. School Productions

The principal should appoint a faculty member as the activity sponsor to serve as the coordinator for school productions.

### Receipts

Most receipts will arise from ticket sales; as in the case of ticket sales for athletic events, all tickets should be pre-numbered and subsequently accounted for. After each event, a Statement of Income (See Exhibit 7 in Section XVII) should be prepared by the activity sponsor who will retain the original and give copies to the Principal and the Financial Designee.

Unsold tickets must be kept by the activity sponsor at least three years or two years after audit by Audit Services.

On the Statement of Income Form (see Exhibit 7) , the activity sponsor should enter any explanation needed to explain differences; for example, he/she may point out that a certain number of tickets were issued as “complimentary” by the Principal and, therefore, realized no income.

All receipts should be deposited promptly with the Financial Designee.

Brown Bag Tickets is an acceptable method to sell tickets to seated productions.

### Payments

No payments shall be made from cash receipts. Payments should be made by check with the original invoice.

Credit Card Transaction Process: Online School Payments (OSP) allows parents, students or guardians to pay for school activities, events or school items online using a debit or credit card online from within an easy to use web based portal. The online portal is maintained by the Financial Designee who creates the activities, events or other school items within the system.

By using this software the Financial Designee will reduce the amount of cash to receipt and deposits made at the bank.

### h. School Store

School Stores often are set up at High Schools to sell items that students need each day, snacks, zero or low calorie drinks and also to sell items that have the school logo on them such as school shirts and jackets. The principal should appoint a school store manager who will have general supervision of this operation. This responsibility must not be given to a student.



School Stores are run for the convenience of the students rather than as a fund-raising activity. However, a small profit may be required in order to maintain satisfactory inventory levels, operating costs and losses. Therefore, the only system-wide guideline that can be realistically offered is that the Principal must determine the most prudent policy.

Special care must be exercised over store funds. Misappropriation of cash and inventory could go unnoticed due to the lack of oversight. Cash and inventories should be adequately safeguarded at all times.

Cash Sales: Unless the volume of the store is very low a cash register should be purchased from the school store funds and used to record all sales.

- a. A fixed amount change fund (up to \$100) should be maintained in the cash register. It is required to keep this money in the school safe at night and over the weekends.
- b. The store manager is to count the money in the cash register at the end of each day. After deducting the amount of the change fund, this should reflect the sales shown by the register reading.
- c. The store manager should use the form H-200 to deposit all the daily sales monies with the school Financial Designee. The store manager should bring the register reading at the end of each day. The difference between the successive readings should represent the day's sales.
- d. All sales will be Cash only. Under no circumstance will the school be engaged in accepting cards or electronic payments like Paypal and any others. There will be no merchandise transactions on a credit account.
- e. The school store manager should deposit all receipts intact. This means that all the receipts should be deposited in the form that they were collected. They should not be used for making change or disbursements.

Payments: Payments should be made only by check prepared by the Financial Designee on a presentation of a supplier's original invoice supported by a payment voucher (Form H-201).

Inventory: All merchandise received should be counted by the school store manager. A physical inventory should be taken on or about the last day of school. The school store manager should list the inventory showing item description, quantity, unit cost (based on the last invoice price) and total cost. Copies of the listing should be filed with the principal and the Financial Designee. The inventory count taken should be observed by the principal or assistant principal.

Accounting Records and Financial Statements: The store manager should maintain separate ledger accounts for the purchase of supplies and all other major operating expenses to be used by the school store manager for the preparation of financial statements.

At the end of each term, the school store manager should prepare financial statements using the Form H-217 (See Exhibit 9 in Section XVII - School Store Financial Statements). Copies should be given to the Principal and to the Financial Designee.

Collection of Pennsylvania Sale Tax in School Stores: All school stores must collect the Pennsylvania Sales Tax for articles on which the tax would be collected in any commercial establishment in the Commonwealth. For additional information please refer to Information Bulletin to Public Schools from PA Department of Revenue.

The school Principal or Financial Designee has a fiduciary obligation with potential legal ramifications to collect and remit Pennsylvania sales tax in a timely manner in accordance with applicable laws.

- f. Special Activities – Under construction

## XI. School Related Funds

School Related Funds (SRFs) are not Student Activity Funds. However, SRF money is often deposited, maintained and disbursed from the school's SAF checking account. Furthermore, the Financial Designee is typically required to account for and maintain the books and records for SRFs as part of their job function. Therefore, it is appropriate to include procedures for them in this SAF Manual.

1. SRFs cover a broad spectrum of funds that a school may receive. Examples of such funds are:
  - a) Office of Specialized Services Grants
2. In addition SRFs are School District monies collected by a school and held temporarily until remitted to the School District. Examples of such funds are:
  - a) Lost books and equipment repayments
  - b) Transcript Fees
  - c) Funds received from the resale of books
  - d) ID card replacement fees
  - e) CTE / Vocational Educational Shop proceeds
3. As a consequence of SRFs being maintained in the SAF bank account they are reported in the school's summary of accounts, but reported separately. Please refer to Section VI for Required Reporting. Separate ledger accounts must be established for each SRF to facilitate an accounting for the fund, due to their unique nature.
4. It is important to understand that SRFs differ from SAF's in several profound ways:
  - a) Student participation is not required as funds do not belong to the students.
  - b) SRFs belong to the School District.
5. Monies received for lost books & equipment, transcript fees and from the resale of books (library, etc) are funds that will be deposited back into a schools Operating Budget. In order for this to happen you must write a check payable to the School District of Philadelphia and send it to the Office of Management & Budget along with a letter indicating an appropriate ABC Budget Code to be replenished.
6. Monies received from a grant that has not been disbursed in accordance to its intended purpose require that you contact the issuing office/department to advise them of such remaining funds. They will either request the funds be returned or apply to their next disbursement to your school. (For example, if the White Williams Foundation gives \$200 but the school disburses \$100 the first month, then the next month, the school may receive \$100 for the difference rather than receiving another \$200.)
7. The principal has the overall fiduciary responsibility for managing these funds. SRFs do not – nor do they ever represent a “discretionary account”. These funds can only be used for the purposes in which they were intended for.
8. The same general good business practices covered in this Student Activity Manual apply to this section (SRFs).

9. All SRFs are subject to audit. In past, frequent audit findings have resulted from failure to segregate these funds from other student activity funds.

## XII. Student Body Activities Account

The Student Body Activities Account (SBAA) draws its income from various sources such as:

1. Transfers of surpluses from class dues remaining one year after graduation, if willed as such
2. Gifts
3. Interest
4. Vending machine sales

The principal is the sponsor for the SBAA.

Decisions on disbursements from SBAA should be shared with the students or their student government representatives and with the activity sponsors. Disbursement decisions should not be made unilaterally by the principal. Evidence of this shared decision-making should be made available (student government minutes, memos, etc. - **Exhibit 6 attached**).

The money should be spent for the general welfare of the student body and for purposes not currently funded by the School District. All students do not have to benefit. However, the majority should have the opportunity to benefit. It is inappropriate to spend these monies on the purchase of normal classroom or office equipment.

This account has come under close scrutiny by the Auditor General in past years and should be managed very carefully.

## XIII. Prohibited Practices

1. Students and staff members should never pay for an expense out of cash collected from an activity or a fund-raising event. All of the cash must remain intact for deposit.
2. The Financial Designee should never make a payment for a purchase with SAF funds for items that have not been received at the school or that have not received the approval from the Activity Sponsor and the school Principal.
3. The Financial Designee should never allow SAF checks to be signed in advance. The checks will be signed when the payment voucher (Form H-201) has been previously signed and authorized.
4. The Financial Designee should never make a check out to cash or issue a check lacking a payee name or amount.
5. Compensation for services or direct payment of salaries from SAF to either students or employees of the district is prohibited.
6. Personal purchases cannot be made through a Student Activity Account. Student Activity Funds should not be used to make purchases on behalf of any individual or other organization.
7. Payments from SAF activities without an original invoice. Delivery documents and vendor statements cannot be used to process SAF payments.
8. The Financial Designee should not accept cash or checks unless they are accompanied by the appropriate documents.

9. The Financial Designee should never count cash without the presence of the activity sponsor. All cash needs to be counted in the presence of the sponsor and any discrepancies should be brought to attention immediately.
10. Do not leave money unattended. Money should never be left at a school over the weekend or holidays because many thefts occur during those times.
11. Examples of prohibited SAF purchases:
  - a. Salaries or supplies that are the responsibility of the District.
  - b. Repair or maintenance of district-owned facilities and equipment.
  - c. Articles for the personal use of district employees
  - d. Expenses for faculty meetings
  - e. Expenses for parent-teacher organizations
  - f. Employee appreciation meals
  - g. Cash awards (to anyone)
  - h. Personal property items, including Ipads and Chromebooks
12. The Financial Designee should not use checks out of numerical sequence.
13. The Financial Designee should not prepare a SAF check if the individual student activity does not have the funds to cover for this. Should consult with the School Principal before preparing the payment.
14. Schools should not use any other payment methods such as Paypal, iPay, Facebook Payments or others to collect cash. All SAF receipts should be mainly in cash or using the TRA credit card processor as an alternative payment option.
15. Schools should not have a bank debit or credit card for the Student Activities bank account. All the disbursements should be made by check. Electronic payments or accounts direct withdrawals are prohibited.
16. School employees are forbidden to accept rebates on contracts from suppliers. This must be made clear when bids are invited so that any service or quantity discount can be taken into account by the supplier in preparing the bid.
17. Activity funds shall not be used to make loans, or to cash checks for the purpose of convenience to any individual or association.
18. Monies belonging to the Faculty Association, Sunshine Club, or the Home and School Association shall not be deposited into the same bank account as student activity funds.

#### XIV. Working with Home and School Associations and Related Organizations

When working with your Home and School or any other organizations, please adhere to the following:

- a. The Home and School must have their own bank account and maintain their own set of books. No school or employee should be on their account. It is preferable to have the Home and school bank account at a different bank than the Student Activity Account, so that there is no confusion with the bank statements.
- b. The Home and School should not organize any school trips. They can sponsor a trip by writing a check to the Student Activity Fund. The Home and School should never write a check directly to a vendor to pay for travel. All trips need to be paid out of the Student Activity Fund for insurance purposes.

## XV. Sales Tax Issues

- 1) The purchase of property or services by a school activity organization is tax exempt under the District's tax exemption number when the purchase is for educationally-related materials to be made by the School District of Philadelphia.
  - a) For example, a school science club that purchases a new microscope to be used in its extracurricular activities is a valid, educationally-related purchase for materials to be owned by the School District of Philadelphia. This would be a tax exempt purpose. No sales tax would need to be paid and the District's tax-exempt number could be utilized.
    - i) The recommended way to make this purchase is to write a check from the Student Activity Fund to the School District of Philadelphia to be added to the school's operating budget in Advantage. Then, a purchase order can be completed following standard SDP procurement guidelines.
  - b) The purchase of educationally-related materials is NOT tax exempt when the purchase is not to be owned by the School District of Philadelphia. For example, if a school science club decides to purchase microscopes for each member of the club, but the microscopes will be the personal property of each student in the club.
  - c) PTO's, PTA's, band boosters and similar organizations cannot use the District's tax exemption number in connection with purchases they make.
- 2) Fundraising Sales
  - a) When the sponsor of a fundraiser purchases taxable property such as greeting cards, books, calendars, etc. for resale to raise funds, the applicable sales tax must be paid to the vendor at the time of the purchase.
  - b) When sales tax is paid to the vendor at time of purchase the taxable item, the school can reimburse itself by including the amount of tax paid into the cost to customers when the item is resold.
- 3) Sales from a School Store
  - a) In the event that purchases are made for resale at the school store, sales tax must be paid for those purchases of taxable items, either at the time of purchase or at the time of resale.
    - i) The suggested way to deal with sales tax in relation to the school stores is to pay the sales tax at the time of initial purchase and then factored in to the resale price.
    - ii) However, if you wish to claim tax-exempt status at the time of initial purchase, then the school must:
      - (1) Obtain a sales-tax permit from the Pennsylvania Department of Revenue
      - (2) Collect the appropriate amount of sales tax, and
      - (3) Remit that amount to the State in accordance with State guidelines
    - iii) These same principles apply to the sale of pictures, class rings and/or yearbooks, or the sale of other taxable property or services to the public.
- 4) Restaurant and Hotel Expenditures
  - a) The District's tax exemption number may NOT be used in connection with the purchase of food and beverages at a restaurant.
  - b) The law excludes from tax the sale of food or beverages on school property by a school organization.
  - c) The District's tax exemption number may not be used in connection with the purchase of occupancy of a room or rooms from a hotel/motel because there is no exemption from hotel occupancy tax that the school district may claim.

If a public school or related school organization has any questions regarding its responsibilities under the law or to obtain the Retailers' Information Handbook (Rev-717). For more information on sales tax, download a copy of the Retailers' Information Handbook from <http://www.revenue.pa.gov> (Click on "Forms and Publications," then "Sales, Use, and Hotel Occupancy Tax"). Inquiries may be directed to: Taxpayer Service and Information Center: (717) 787-1064

## XVI. Legal Matters

The Office of General Counsel has developed a legal document for principals to use whenever entering into a legally binding contract to purchase goods and services. The document is referred to as an "Addendum." As the name implies, an Addendum is a supplementary legal document that gets added to an existing contract. The Addendum adds additional legally binding requirements that both parties agree to adhere to.

The student activity Addendum contains "boilerplate" terms and conditions that ensure the contract being entered into complies with District practices. The addendum puts in writing sound business practices that need to be in place whenever an agent of the District enters into a contract. It protects both the District as well as the principal signing the contract.

Examples of when an Addendum would be added to a contract could include contracts for: proms, yearbooks, DJ services, class trips, and class luncheons. The Addendum should be added anytime a principal enters into a contract arising from a student activity.

The wording and conditions in the Addendum were judiciously written by the Office of General Counsel after careful thought and deliberation. The District highly recommends that the exact wording in the Addendum be used at all times. From time to time however, a vendor may wish to explore the possibility of modifying one or more of the terms and conditions in the Addendum. If this situation arises, the principal should contact the Office of General Counsel to obtain legal advice.

The addendum needs to be executed by both the principal and the vendor in order for it to be legally enforceable. It is not required for an attorney from the Office of General Counsel to also execute the Addendum in order for it to become effective.

As part of their ongoing responsibilities to ensure that the District is complying with sound business practices, Audit Services may request to see a copy of the Addendum in the course of performing an audit of a student activity. Failure to have an executed Addendum could lead to an Audit Deficiency Finding.

As stated in the introduction, it is incumbent upon principals to add the Addendum anytime they, as representative of the Philadelphia School District, enter into a legally binding contract for a significant purchase of goods and services.

Principals should carefully read the Addendum. If they have any questions or concerns regarding its content they should contact the Office of General Counsel.

See Exhibit 5 in Section XVII for the "Addendum for Student Funds Contracts" Form.

XVII. IRS Form 1099-MISC Reporting – Under Construction

XVIII. Exhibits

Exhibit 1 for the "Request to Establish a Student Activity" form

SCHOOL DISTRICT OF PHILADELPHIA

NAME OF SCHOOL: \_\_\_\_\_ ORG #: \_\_\_\_\_

REQUEST TO ESTABLISH A STUDENT ACTIVITY

Name of Organization / Activity: \_\_\_\_\_

Name of Activity Sponsor: \_\_\_\_\_

Objective (Briefly describe why this organization is being formed.) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Benefit (Briefly describe how the students will benefit from the establishment of this organization.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Student Participation (Briefly describe how student's participation will be documented and names of Club Officers / Class Officers.) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Funding Source (Briefly state how the activity is funded. Attach the activity budget.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date Submitted: \_\_\_\_\_

Activity Sponsor \_\_\_\_\_

Date Approved: \_\_\_\_\_

Principal \_\_\_\_\_



Exhibit 2 for the "Asset Transfer" form

This form is to be completed by both financial designees and principals to review the fund balances at the end of the last reconciled month before the transfer date.

School:

\_\_\_\_\_

Student Activities Fund:

Bank: \_\_\_\_\_ Account #: \_\_\_\_\_

Location of Records:

\_\_\_\_\_

Other Accounts: (CDs, Savings, etc)

Name of Account:

\_\_\_\_\_

Purpose of Account:

\_\_\_\_\_

Bank: \_\_\_\_\_ Account #: \_\_\_\_\_

Location of Records:

\_\_\_\_\_

Summary of Activity Fund Balances:

Activity Fund	Sponsor	Balance as of date: ___/___/___
SBAA		

Total Balance: \_\_\_\_\_

The last reconciled bank balance is \$\_\_\_\_\_ for statement date \_\_\_\_\_.

Does the total balance of the activity funds reconcile to the last reconciled bank balance? \_\_ Y \_\_ N

If the balance does not reconcile, please review and revise so that the balances reported are correct and reconciled.

I am in agreement with the amounts listed above and do hereby acknowledge release of these assets.

Outgoing Financial Designee (if applicable): \_\_\_\_\_

Signature

Date

Print Name

Outgoing Principal (if applicable):

\_\_\_\_\_

Signature

Date

Print Name

I do hereby acknowledge receipt of and accept responsibility for the above.

Incoming Financial Designee (if applicable): \_\_\_\_\_

Signature

Date

Print Name

Incoming Principal (if applicable):

\_\_\_\_\_

Signature

Date

Print Name

Exhibit 3 for the "Activity Approval" form

STUDENT ACTIVITIES REQUEST FOR APPROVAL FORM

Submitted by: \_\_\_\_\_

Date: \_\_\_\_\_

Name of Student Organization:

\_\_\_\_\_

Description of Student Organization:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Amount of resources needed to fund Student Organization:

\_\_\_\_\_

Name of teacher/staff that will supervise the Student Organization:

\_\_\_\_\_

\_\_\_\_\_

Signature of Supervisor

Date

Approved, pending review of budget request.

Not Approved because

\_\_\_\_\_

\_\_\_\_\_

Signature of Principal

Date

A budget request is due for review within one month, on date \_\_\_\_\_. No activity is to begin operating until their budget is approved.

Exhibit 4 for the "Disposition of Fund Surplus" form

DISPOSITION OF FUND SURPLUS (and / or Class Will)

Name of Organization / Activity: \_\_\_\_\_

The Club Officers / Class Officers of this organization / activity would like the fund surplus: (circle the applicable choice(s) and describe, as necessary)

1. To be transferred to the Student Body Activities Account to be used for: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

2. To be \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

3. To be \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Signatures:

Student President \_\_\_\_\_ Date \_\_\_\_\_

Student Vice President \_\_\_\_\_ Date \_\_\_\_\_

Activity Sponsor \_\_\_\_\_ Date \_\_\_\_\_

Principal \_\_\_\_\_ Date \_\_\_\_\_

Exhibit 5 for the “Addendum for Student Funds Contracts” form  
(see Form on General Counsel website)

Exhibit 6 for the "Minutes/Memo" form for the Student Activity Funds

STUDENT ACTIVITY ACCOUNT

SCHOOL:

MINUTES/MEMO re: disbursement detail

---

ACTIVITY TITLE:

GL CODE:

DESCRIPTION:

DATE:

\_\_\_\_\_

Activity Sponsor

\_\_\_\_\_

Student Body Representative

\_\_\_\_\_

Principal

Budget Worksheet Attached    \_\_\_yes    \_\_\_no    If no, explain: \_\_\_\_\_

Exhibit 7 for the "Statement of Income" form

SCHOOL: \_\_\_\_\_

ACTIVITY: \_\_\_\_\_

STATEMENT OF INCOME

INCLUSIVE DATES: \_\_\_\_\_

=====

INCOME

Ticket Sale Accountability:

Number of First Ticket Sold \_\_\_\_\_

Number of Last Ticket Sold \_\_\_\_\_

Total Number of Tickets Sold \_\_\_\_\_

Unit Price (Per Ticket) \_\_\_\_\_

Total Amount Collected \_\_\_\_\_

TOTAL INCOME

Name

Total Inventory and Receivables \$

DATE \_\_\_\_\_ SIGNED \_\_\_\_\_

ACTIVITY SPONSOR

\*Plans for disposition are: (make comments on reverse side)

Exhibit 8 for the “SHE-196 Authorized Signers for Bank Accounts Form”



Exhibit 9 for the "H-217 School Store Financial Statements"

**THE SCHOOL DISTRICT OF PHILADELPHIA  
SCHOOL STORE FINANCIAL STATEMENTS**

SCHOOL _____					
STATEMENT OF PROFIT AND LOSS					
		TO _____			
<b>SALES</b>					
LESS:	COST OF GOODS SOLD				
	MERCHANDISE INVENTORY (BEG) _____ DATE _____				
	NET PURCHASES				
	TOTAL COST OF STOCK				
LESS:	MERCHANDISE INVENTORY (END) _____ DATE _____				
	NET COST OF MERCHANDISE SOLD				
<b>GROSS PROFIT ON SALES</b>					
LESS:	OPERATING EXPENSES				
	TOTAL OPERATING EXPENSES				
<b>NET PROFIT</b>					

BALANCE SHEET (STATEMENT OF NET WORTH)					
DATE: _____					
<b>ASSETS:</b>					
	CASH ON DEPOSIT				
	CASH ON HAND				
	MERCHANDISE INVENTORY				
	EQUIPMENT				
	TOTAL ASSETS				
<b>LIABILITIES:</b>					
	ACCOUNTS PAYABLE				
	TOTAL LIABILITIES				
<b>NET WORTH (Assets Less Liabilities)</b>					

DATE	SUBMITTED BY: _____	REVIEWED BY: _____
	STORE MANAGER	PRINCIPAL

H-217 (Rev. 12/2000) COMM. CODE 61602445211 – SCHOOL STORE FINANCIAL STATEMENTS – SCHOOL DISTRICT OF PHILA.