

## SCHOOL GENERATED FUNDS

### Background

All revenues are revenues of the Division. The Division supports the generation of funds at the school level to support the ability of schools to provide enhanced educational opportunities for students. As revenue of the Division, although in the custody of the school, funds must adhere to Division policy and procedures.

### Definition

*School Generated Funds (SGF)* are defined as funds collected and disbursed at the school level that are subject to the control or significant influence of the principal as part of their assigned duties, and are used for specific curricular or non-curricular purposes and activities. Control or significant influence includes such activities as authority for the collection and distribution of funds; maintaining the records (bookkeeping) of the funds, and financial reporting on the funds.

### Procedures

1. The Division authorizes school and community participation in procuring SGF provided that all fundraising is done in compliance with Administrative Procedure 520 – School Fundraising.
2. All funds raised are revenues of the Division. All accumulated funds are assets of the Division.
3. All materials and equipment purchased from SGF will become the property of the Division but remain at the school where the funds were raised.
  - 3.1 Disposal of these items will occur as outlined in Administrative Procedure 517 – Inventory.
4. All capital assets must be purchased by the Division and recorded as an asset in the accounting records. The principal is to reimburse the Division from the SGF account for the purchase.
  - 4.1 Capital assets are assets that:
    - 4.1.1 Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other capital assets;
    - 4.1.2 Have useful economic lives extending beyond an accounting period;
    - 4.1.3 Are to be used on a continuing basis;
    - 4.1.4 Are not for sale in the ordinary course of operations; and
    - 4.1.5 Have an individual value of more than five thousand dollars (\$5,000.00).
5. Principals must account for SGF using generally accepted accounting principles and acceptable internal controls and will be subject to periodic audit.

## 6. School Fees

- 6.1 Certain fees identified at the beginning of the year must be remitted to the Manager - Financial Services.
- 6.2 School fees, as outlined in Administrative Procedure 505 – School Fees, sections 3 and 4, are school generated funds, and may be remitted to the Manager - Financial Services for inclusion in the school's budget.

## 7. Borrowing

- 7.1 A principal will not borrow money in the name of a school.
- 7.2 A principal may make purchases on time payment plans or lend money in the name of the school subject to the approval by the Secretary-Treasurer.

## 8. Banking

- 8.1 All SGF bank accounts must be registered in the name of the Division with the school name listed as a secondary name on the account.
- 8.2 All bank accounts must provide for two (2) signatures on all cheques, one (1) of which must be the principal and two (2) the vice principal.
- 8.3 In schools where there is no vice principal, the second signature will be a teacher approved by the Secretary-Treasurer.

## 9. Disbursements

- 9.1 All monies collected by the principal for a designated purpose must be used for that purpose.
- 9.2 SGF must not be used to provide salary or expense reimbursement to any Division employees, including casual employees. All employee salaries and expense reimbursement must be processed through the Division's financial system.
- 9.3 Funds are normally to be collected and expended during a school year. The principal may establish reserves for the purpose of future purchases in accordance with school procedures to a limit of \$50,000 that is approved by the Secretary-Treasurer.
- 9.4 Temporary cash surpluses arising during the year are to be invested in secured financial instruments for short periods with a chartered bank, credit union or the Alberta Treasury Branch.
- 9.5 All losses of SGF will be reported to the Secretary-Treasurer immediately.

## 10. Reporting

- 10.1 A final financial report that is certified and signed by the supervising staff member must be submitted to the principal upon completion of each fundraising project.
- 10.2 A summary of fund accounts, transactions, and ending balances, (see Administrative Procedure 511 – Appendix A for a sample) for the previous fiscal year is to be submitted to the Secretary-Treasurer by September 30.
  - 10.2.1 The report format is to be specified by the Secretary-Treasurer by April 30 of the preceding year.
  - 10.2.2 The report is to be supported by:

- 10.2.2.1 Copy of the bank statement or investment certificate for each account.
- 10.2.2.2 The reconciliation for each bank account or investment certificate to the school's general ledger.
- 10.3 A narrative and summary of financial information (see Administrative Procedure 511 – Appendix B) for the previous fiscal year is to be submitted to the Secretary-Treasurer by October 31.
  - 10.3.1 The report will include the following information for each fund or subgroup for each bank account:
    - 10.3.1.1 A description of the fund or subgroup;
    - 10.3.1.2 Mandatory fees charged (if any);
    - 10.3.1.3 A description of the fundraising activities undertaken during the year;
    - 10.3.1.4 The total amount of funds raised (receipts);
    - 10.3.1.5 A description of the uses of the funds;
    - 10.3.1.6 The total amount of funds dispersed;
    - 10.3.1.7 The surplus (deficit) of funds;
    - 10.3.1.8 The opening balance of the funds;
    - 10.3.1.9 The transfers to/from other funds;
    - 10.3.1.10 The final balance of the fund; and
    - 10.3.1.11 A description of how the surplus funds will be utilized.
  - 10.3.2 The financial report of the school generated fund is subject to audit by the internal and external auditors.
  - 10.3.3 Each page of the report must clearly state, *This report has been released without audit.*
  - 10.3.4 A cover page is to be attached with the following information:
    - 10.3.4.1 School name;
    - 10.3.4.2 Report of School Generated Funds;
    - 10.3.4.3 Year ending August 31, 20xx; and
    - 10.3.4.4 Signature of the principal.

11. Principals must keep SGF records as required in Administrative Procedure 185 – Records Management.

12. Goods and Services Tax (GST), when collected as a result of SGF revenue generation, will be remitted for each fiscal quarter prior to the 20th of the month following.

### 13. Provision of Services

- 13.1 If income is generated from school labs/shop sales and services, the principal will ensure that customers clearly understand that the service provided is being undertaken for educational experience and carries no implied or explicit warranty or

responsibility for consequences on the part of the Division, its employees, or its students.

13.2 A waiver of liability/work order will be signed and maintained at the school.

#### 14. Grants

14.1 Schools are not a legal entity and, therefore, cannot independently apply for a grant. Grant applications can be completed by school personnel or volunteers and must be appropriately authorized by the principal and the Secretary-Treasurer.

14.2 Principals applying for grants must provide a copy of the grant approval and final reporting on the grant to the Secretary-Treasurer.

14.3 If the grant application is accepted for a designated purpose, the funds granted must be used for the purpose so designated.

14.4 The use of grant funds must be consistent with Administrative Procedure 515 – Purchasing.

#### 15. Fundraising activities by external agencies are recognized as revenue as follows:

15.1 For external agencies who fall within the requirements of Administrative Procedure 520 – School Fundraising, section 18, SGF revenue is recognized as donations when received from the agency.

15.2 For external agencies who fail any one (1) of the requirements of Administrative Procedure 520 – School Fundraising, section 18, SGF revenue is recognized as collected and SGF expenses recognized as disbursed.

#### 16. Fundraising for Other Charities

16.1 Principals may, from time-to-time, give approval for organizations of a charitable or service nature such as UNICEF, Terry Fox, or Canadian Legion Poppy Fund to conduct fundraising activities within or through the school. These funds are not SGF.

16.2 If the school receives a commission for fundraising from these organizations, the commission is considered SGF.

Reference: Section 33,52,53,55,68,137,138,139,140,141,143,197,222 Education Act  
Societies Act  
Section 3, 5 Trustee Act  
Funding Manual for School Authorities Guide to Education ECS to Grade 12  
Policy and Requirements for School Board Planning and Reporting  
School Authority Planning and Reporting Reference Guide  
Guide to Accounting for and Reporting Tangible Capital Assets  
Canadian Institute of Chartered Accountants

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