

Sec. 1. PURPOSE OF POLICY

Through this policy, the Board of Directors (hereafter, the “Board”) of LifeSchool of Dallas doing business as Life School (hereafter, the “School”) shall address the legal requirements, as applicable, promulgated at:

- (a) Texas Education Code (“Tex. Ed. Code”) Sections 12.115(a)(2);
- (b) Texas Business Organizations Code (“Tex. Bus. Org. Code”);
- (c) Texas Administrative Code, Title 19 (“19 TAC”), § 100.1047(b);
- (d) Financial Accountability System Resource Guide (“FASRG”); and
- (e) *Government Auditing Standards*.

Additionally, through this policy, the Board shall address best practices adopted by public schools.

Sec. 2. APPLICABILITY OF POLICY

This policy pertains to the receipt, safeguarding, and use of activity funds, as defined herein.

Sec. 3. AUTHORITY OVER FISCAL MATTERS

Sec. 3.1. In accordance with state law, the Board has primary and ultimate authority over fiscal matters. If a matter or decision-making process is not addressed in this or other duly adopted policies of the Board, authority rests with the Board. In the event of a conflict between this policy and any other Board policy, such conflict shall be brought to the Board for resolution. Refer to the Board’s Policy relating to its Authority Over Fiscal Matters (the “Controlling Policy”) for requirements applicable to this policy.

Sec. 3.2. The Delegate, as defined in Sec. 3.2 of the Controlling Policy, shall report to the Board any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5 of the Controlling Policy, and any conflicted,¹ interested² or related³ party, as defined in other Board policy or applicable law. The School and its officers may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.

Sec. 3.3. As established in Sec. 4 of the Controlling Policy, where the Delegate is authorized to confer authority to a designee (as denoted by the phrase “or designee”), the Delegate may confer such authority to a single designee.

¹ Tex. Ed. Code § 12.1054; 19 TAC §§ 100.1131 through 100.1135

² 19 TAC § 100.1047(f)

³ Tex. Ed. Code § 12.1166

Sec. 4. DEFINITIONS

Sec. 4.1. Cocurricular Activities⁴

“Cocurricular Activities” are School sponsored activities that directly add value to classroom instruction and curriculum.

Sec. 4.2. Extracurricular Activities⁵

“Extracurricular Activities” are School sponsored activities outside the school day that are generally ones designed to motivate students and provide them with enjoyment and skill improvement in either a competitive or noncompetitive setting.

Sec. 4.3. Student Activity Funds⁶

“Student Activity Funds” are comprised of monies raised and collected by students through School approved fundraising activities, club dues, donations, or other School approved activities. As the monies raised are the property of the students, the student organization must approve student activity funds for the benefit of the student organization’s membership.

Sec. 4.4. Campus or School Activity Funds⁷

“Campus or School Activity Funds” are funds that belong to and are under the control of the School and campus and that are used to support campus and or School programs and activities.

Sec. 4.5. Staff Activity Funds

“Staff Activity Funds” are comprised of monies contributed by employees to be used for the benefit of campus or district staff.

Sec. 5. ACTIVITY FUND ACCOUNTING

Sec. 5.1. The Delegate or designee shall account for the receipt and use of fundraising proceeds as a campus, School, staff, or student activity fund, as applicable.

Sec. 5.2. The Delegate or designee shall maintain control of and disburse activity funds through the School’s Finance Department.⁸

⁴ FASRG, Financial Accounting and Reporting Appendices, Update 18 (2022), Appendix H.

⁵ FASRG, Module 3, Special Supplement—Nonprofit Charter School Chart of Accounts, Update 18 (2022), page 52.

⁶ FASRG, Financial Accounting and Reporting Appendices, Update 18 (2022), Appendix H (H.1.2).

⁷ FASRG, Financial Accounting and Reporting Appendices, Update 18 (2022), Appendix H (H.1.1).

⁸ FASRG, Financial Accounting and Reporting Appendices, Update 18 (2022), Appendix H (H.2.4).

Sec. 5.3. To enable campuses and student organizations to acquire goods and services with their available campus and student activity funds, the Delegate or designee shall facilitate a process whereby campuses and student organizations may acquire goods and services as and when needed.⁹

Sec. 5.4. The School shall account for all funds collected by staff from students as student activity funds.¹⁰

Sec. 5.5. The School shall not account for funds collected, disbursed, and controlled by parents, patrons, or alumni organizations because these funds are not activity funds.¹¹

Sec. 5.6. Organizations controlled by parents, patrons, or alumni are separate legal entities from the School and shall maintain separate and distinct accounting, auditing, budgeting, reporting, and recordkeeping systems from those recording the business activities of the charter school.¹²

Sec. 6. RESPONSIBILITY FOR ACTIVITY FUNDS¹³

Sec. 6.1. Delegate

Sec. 6.1.1. The Delegate or designee shall be responsible for the overall administration and accounting of all activity funds.

Sec. 6.1.2. The Delegate or designee shall approve any staff or student organizations that raise funds. Designees shall inform the Delegate of any staff or student organizations that they approve.

Sec. 6.2. Designees

Designated School and campus staff are responsible for:

- (a) Proper collection, disbursement, and control of activity funds.
- (b) Safekeeping of the activity funds, which includes depositing and securing the funds.
- (c) Accounting, which includes, but is not limited to, creating and maintain cash receipt records and reconciling bank statements.
- (d) Record keeping, which requires charter schools to keep activity fund records for the same length of time as other accounting records.

⁹ *Ibid.*

¹⁰ FASRG, Financial Accounting and Reporting Appendices, Update 18 (2022), Appendix H.

¹¹ FASRG, Financial Accounting and Reporting Appendices, Update 18 (2022), Appendix H (H.1).

¹² 19 TAC §100.1047(e)

¹³ FASRG, Financial Accounting and Reporting Appendices, Update 18 (2022), Appendix H (H.2.3).

- (e) Conducting annual audits of activity funds by using an internal or external auditor.
- (f) Ensuring activity fund purchases comply with the School’s purchasing procedures and applicable legal requirements.

Sec. 6.3. Sponsors

The sponsor of each student organization, including student groups and clubs, is responsible for supervising all activities of the organization. This responsibility includes the students’ adoption and maintenance of a charter, developing fundraising plans, monitoring the financial position of the activity fund, reviewing the activity fund financial statements, and safekeeping activity fund money until it is deposited by the School and other fiduciary responsibilities.

Sec. 7. BANK ACCOUNT

The bank account for all activity funds must be reconciled on a monthly basis.

Sec. 8. ACTIVITY FUND RECEIPTS

The Delegate or designee shall ensure that School retains adequate custody and control over activity funds and shall ensure that a receipt is issued to any student or parent submitting fundraising or other proceeds. The Delegate or designee shall ensure that all activity fund proceeds are deposited to the activity fund bank account and that the cash collected is not used to make purchases or payments of any kind.

Sec. 9. DISBURSEMENTS FROM STUDENT ACTIVITY FUNDS

Student activity funds may be expended pursuant to direction from the student group provided that the expenditure is legal and that the vendor and purchase has been authorized. All expenditures drawn from student activity funds must be approved by the designated student officer, sponsor, and campus principal.

Sec. 10. FUNDRAISING

Sec. 10.1. When fundraising activities are in the name of the School, all funds raised become School funds, belonging to the campus, School or staff or student organization responsible for raising the money.¹⁴

Sec. 10.2. Prior to undertaking any fundraising activities, the Delegate or designee must approve all fundraising and sales activities.

Sec. 10.3. Campus principals and sponsors shall submit an annual plan for fundraising to the Delegate or designee which lists the organizations which will engage in fundraising activities and

¹⁴ FASRG, Financial Accounting and Reporting Appendices, Update 18 (2022), Appendix H (H.1.3).

the intended use of the funds. At the end of the school year, campus principals and sponsors shall report the outcome of each fundraising activity and how the funds were used.

Sec. 10.4. Sponsors must keep control of the merchandise, petty cash funds, and fundraising proceeds and maintain records.

Sec. 10.5. Raffles and gambling are prohibited.

Sec. 10.6. The Delegate or designee must collect any sales taxes due on all sales which are not specifically exempted.

Sec. 11. CONTRIBUTIONS

Campuses may receive contributions from donors in the form of cash or check. The School shall issue a tax-exempt letter to a donor upon request. Refer to the Board's Policy for Gift Acceptance for additional requirements.

Sec. 12. ACTIVITY FUND ROLL FORWARD

At the end of each fiscal year, any account balance remaining in a student activity fund shall roll forward to the following fiscal year.

Sec. 13. AUDITS¹⁵

Sec. 13.1. Campus principals and sponsors must be prepared to have their activity funds audited at least annually.

Sec. 13.2. The Delegate or designee shall require an audit when a change in campus principal, campus finance staff, or sponsor occurs.

Sec. 14. TRAINING AND UPDATES.¹⁶

The Delegate or designee shall properly train officers and employees on the requirements of this policy and any administrative procedure(s) adopted to implement this policy. Additionally, the Delegate or designee shall keep officers and employees informed of any changes to this policy and related requirements.

¹⁵ FASRG, Financial Accounting and Reporting Appendices, Update 18 (2022), Appendix H (H.2.3).

¹⁶ 2 CFR § 200.303(a), U.S. Government Accountability Office *Standards for Internal Control in the Federal Government*, 4.02 and 4.05.

Sec. 15. ADMINISTRATIVE PROCEDURES.¹⁷

The Delegate or designee shall formally adopt administrative procedures as reasonably necessary to properly administer this policy and to adhere to applicable law and rule. In doing so, the Delegate or designee shall not adopt, and is prohibited from adopting, an administrative procedure that conflicts with applicable law or this policy. Accordingly, the Delegate or designee shall confer with the Board or legal counsel before deviating from the requirements set forth in this policy. In the event that a deviation from this policy becomes necessary, the Delegate or designee shall either recommend an amendment to this policy or the Board's approval of a specific deviation, including the purpose, scope and duration of the requested deviation.

¹⁷ Consistent with 19 TAC § 100.1033(b)(14)(C)(iv), the Board has the final authority to adopt policies governing charter school operations, including authorizing the Delegate or designee to adopt an administrative procedure to implement this policy. Moreover, as set forth in School's Articles of Incorporation and Bylaws and in accordance with Tex. Bus. Org. Code §§ 3.101 and 22.201, the Board is School's governing authority and, as such, manages and directs School's business and affairs through Board actions, resolutions and policy.