



## BUILDING AND SUSTAINING AN EDUCATION FOUNDATION

PASBO 62<sup>nd</sup> Annual Conference & Exhibits | Share. Learn. Succeed.  
March 21 - 24, 2017 ~ David L. Lawrence Convention Center, Pittsburgh

PASBO 62<sup>ND</sup> ANNUAL CONFERENCE AND EXHIBITS, PITTSBURGH March 2017

## PRESENTER

- Dr. Wayne McCullough, PRSBA
  - Director of Leadership and Development, PASBO:  
[wmccullough@pasbo.org](mailto:wmccullough@pasbo.org)
  - Executive Director, Southern York County School District Foundation
  - [www.sycsd.org](http://www.sycsd.org)

## BACKGROUND

- Organized in 1997 as a charitable organization under laws of the Commonwealth of Pennsylvania and Section 501(c)(3) of the Internal Revenue Code.
- In 2001 the Foundation reorganized, establishing liaisons with the School Board and District Administration.

## PURPOSE

- Purpose of the Foundation is to provide a means for individuals and businesses to make tax-deductible contributions for projects, equipment, supplies, scholarships, and other purposes for the benefit of students in the Southern York County School District

## CASE STUDY APPROACH

- History that led to the development of SCYSD Umbrella
  - Stagnant organization with a 501(c)(3)
  - Approached by Alumni Association
  - Dollars for Scholars Chapter
- A “gathering place” for philanthropic school support

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## HISTORY OF FOUNDATION CONTRIBUTIONS

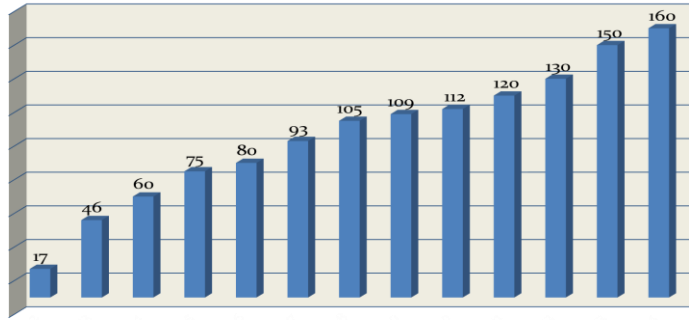


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## SCHOLARSHIPS AWARDED

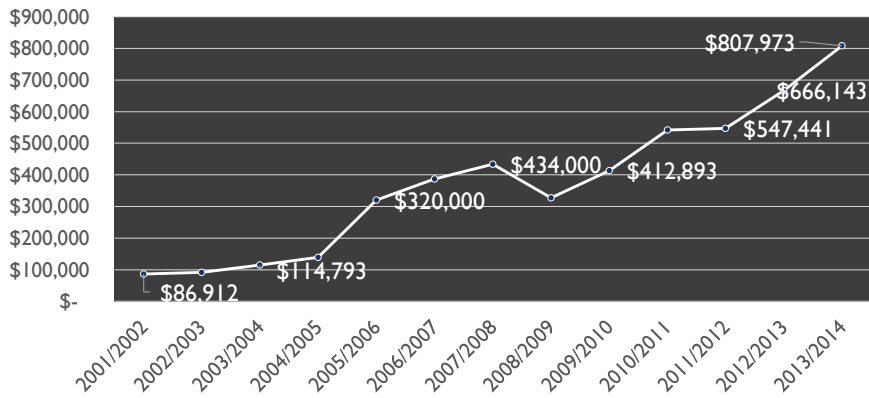


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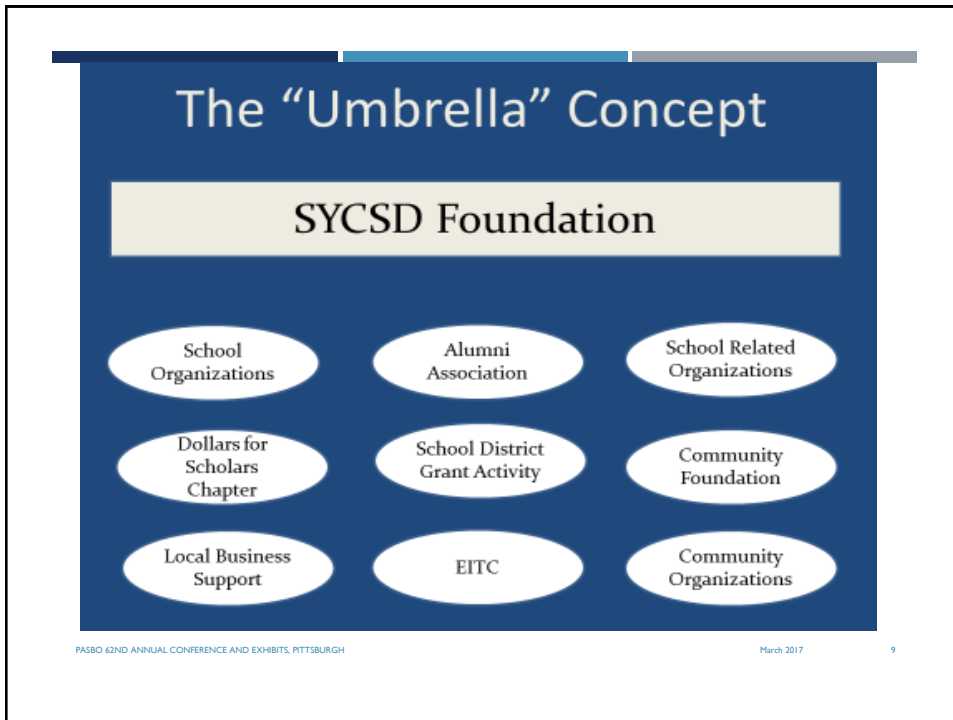
## NET ASSETS AND ENDOWMENT



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## GET ORGANIZED

- Form a planning committee
  - Meet with school district administration and school board
- Sell the concept
  - Operates in partnership
  - Concept of “component unit”
  - “In-kind” financial support
  - Shared mission attainment
- Decide what you want to be

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## GET STARTED

- Determine your foundation's name
- Develop a mission statement
- Determine the size of the initial board of directors including preliminary officers, committees, and meeting times and places
- Secure legal advice (check to see if you can utilize your school district's solicitor)

## GET ORGANIZED

- Establish an operating budget
  - Start-up cash for fees and administrative expenses
- Establish an address and telephone number, logo, letterhead

## GO PUBLIC

- Register the domain (URL) of the Foundation's website with a registrar
- Request a link on the school district's website
- Consider other social media, such as Facebook

## ARTICLES OF INCORPORATION

- Contact the PA Department of State to obtain incorporation materials
  - Verify the availability of the foundation's proposed name
- PA Office of Attorney General: Handbook for Charitable Nonprofit Organizations

## ARTICLES OF INCORPORATION

- Generally, Articles of Incorporation include:
  - Name and registered address of the corporation;
  - Purpose for which the organization was formed;
  - Statement that the corporation is a not-for-profit corporation incorporated under the Nonprofit Corporation Law;
  - Voting rights of members;
  - Name and address of each individual incorporator;
  - Effective date of the Articles; and
  - Whether or not the corporation is organized on a nonstock or a stock share basis.

## BYLAWS

- Create bylaws, which set forth how your not for-profit educational foundation will operate.
- They will typically include information on the not-for-profit educational foundation's mission, membership, board of directors, committees, fiscal management as well as how to amend the bylaws if necessary.
- Bylaws are not filed with the Secretary of State but are internal documents.



## EMPLOYER IDENTIFICATION NUMBER

- Obtain a federal Employer Identification Number (EIN) by executing IRS form SS-4, which is available at the IRS website [www.irs.gov](http://www.irs.gov).

## TAX-EXEMPT STATUS

- File required federal form for tax-exempt status from the Internal Revenue Service.
- The following form is required by the IRS for tax-exempt status: Form 1023 (“Application for Recognition of Exemption under 501 (c) (3) of the Internal Revenue Code”).
- This form requires the not-for-profit educational foundation to provide a description of its exempt purpose and actual programs as well as financial information.
- The form is available at the IRS website or you can request it by calling the IRS at (800) 829-3676.

## TAX EXEMPT STATUS

- Obtain tax exempt status for the not-for-profit educational foundation from its State Department of Revenue and file charitable registration documents with its State Attorneys General Office.
- Obtain not-for-profit mailing permit from the U. S. Postal Service

## FEDERAL FORM 990

- File Federal Form 990 (“Return of Organization Exempt from Income Tax”) annually with the IRS.
- This form is required of most organizations granted 501 (c) (3) tax-exempt status. Most Section 501 (c) (3) organizations must complete and file a form 990.
- The foundation should check with its tax advisor for exceptions.

## INSURANCE

- Consider the need for insurance coverage to protect the board of directors and the assets of the not-for-profit educational foundation.
- This includes obtaining general liability and directors' and officers' liability insurance as well as other insurance to mitigate risks.

## STRATEGIC PLAN

- Develop the not-for-profit educational foundation's strategic plan and the process by which it will be monitored and assessed.

## UNDER THE FOUNDATION'S UMBRELLA

Alumni Association	A Foundation Committee
Dollars for Scholars	A Foundation Committee
School District Grants	An administrative convenience
Community Foundation	An ongoing partnership; an endowment opportunity; community scholarships
School organizations	Student support of foundation activities
School related orgs.	Parent support of foundation activities
Local business support	Public relations opportunities; alumni based
EITC	Link from business to school district
Community orgs.	Liaisons to support foundation activities

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## THE CRITICAL "ONE-TWO" STEP

- Step 1 – Get an administrative or school board champion – sell the concept
- Step 2 - Create a strong alumni association

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## “SELL” THE CONCEPT TO S.D.

- Operates in partnership
- Concept of “component unit”
- “In-kind” financial support
- How to establish relationship? (Start-up versus after the fact)
- Mission attainment
- Relieves the guidance office in award process

## BENEFITS OF ALUMNI ASSOCIATION

- Pool of engaged board members
- Interested business owners
- Leaders on community boards
- Engaged S.D. employees
- Supportive school board members
- Foundation donor pool

## GIFTS MAY BE DONATED IN MANY WAYS

- General Contributions
- Named Scholarships
- Endowment Program (General and Named)
- Cooperating Organization Scholarships
- Specific Gifts and Projects
- Class Funds

## GIFTS MAY BE DONATED IN MANY WAYS

- Grant Program/Gifts
- Alumni Scholarship Program
- Tree Dedication Program
- Employer Gift Matching Program
- Staff Tribute Program
- Specific Programs

## FOUNDATION BOARD ACCOUNTABILITY

- Financial reports
- The school board representative
- Strategic plan
- Involving Foundation board members
  - Committee membership (Scholarship selection committee, Nomination committee, Distinguished leadership committee, Scholarship Awards Program committee, etc.)
- Using the Foundation minutes as a management tool to establish Foundation director accountability
- Bylaws/Policies ([www.sycsd.org](http://www.sycsd.org))

## SCHOOL DISTRICT ACCOUNTABILITY

- School Board member liaison
- Superintendent on Foundation board
- Appearances at school board meetings
- Annual report
- Student representatives

## ACCOUNTABILITY TO DONORS

- Annual face-to-face contact
- Interim contact:
  - Gift acknowledgements – in writing
  - Year-end letter
  - Scholarship letters
  - Newsletter publicity
  - Names in publications
- Liaisons
- Presentations at School Board meetings to increase their visibility and PR
- Distinguished leadership awards

## PUBLIC ACCOUNTABILITY

- Distribution of annual reports
- Website presence: [www.sycsd.org](http://www.sycsd.org)
- Membership in community organizations
- School District television presence
- Annual Scholarship Awards Program
- Dollars for Scholars national membership



## GOVERNMENT ACCOUNTABILITY

- State: PA Solicitation of Funds for Charitable Purposes Act
  - Registration and annual filings
  - Exemption: “Foundations and support groups which are directly responsible to educational institutions”
- Federal - Annual Form
  - 15<sup>th</sup> day of fifth month
  - All must now file – 990, 990 EZ, or Card
- EITC renewal form filed after May 1<sup>st</sup> each year
- Annual Financial Report – “blended component unit” of the school district – included with School District’s AFR
  - Otherwise Not-For-Profit filing – check with your auditor

## Q & A

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