

**MBX Foundation  
Operations Staff  
Frequently Asked Questions  
January 2014**

The MBX Foundation has received a number of questions and inquiries into the day-to-day operations of the Foundation and how the Foundation conducts business. Below are responses to all relevant questions posed.

Generally speaking there are three individuals who work periodically on the operations of the MBX Foundation; they are:

Gary Wayland, volunteer, who prepares checks weekly;

Susan Patterson, volunteer, who reconciles bank accounts and administers various portions of the MBX Foundation Summer School Program including the registration process;

Kathy Duffy, the one paid part-time staff member who handles all deposits and registrations for the summer school, after-school and Camp VIP programs and provides assistance with matching donation requests.

**Frequently Asked Questions**

**1 – Who writes checks at MBX? Who makes deposits for MBX?**

Gary Wayland currently handles day-to-day checking signing; however, Assistant Treasurer Susan Patterson and MBX Foundation Board members Jan Pipkin and Brian Currey are also authorized check signers.

Kathy Duffy handles day-to-day deposits; she has been tasked with that job as she has no check signing responsibilities nor does she prepare checks for distribution.

Susan Patterson reconciles the bank accounts monthly, but does not reconcile the account during a month that she is called upon to sign checks.

Duties are segregated to maintain proper internal accounting controls.

## **2 – There should be an independent outside auditor**

The MBX Foundation has engaged outside auditors to audit the December 31 2013 financial statements. Copies of the audit report – which will be released upon completion of the audit in 2014 – will be available for any interested party.

## **3 – An independent firm should complete the Federal and State tax returns**

Currently, Gary Wayland, a partner with the CPA firm of Wayland & Vukadinovich LLP, prepares the tax returns of MBX Foundation at no cost to MBX. Mr. Wayland’s firm prepares over 75 tax-exempt organizations returns each year and has over 30 years of experience with not-for-profit tax return filings. The returns are reviewed by the Board of Directors of the MBX Foundation prior to submission to the taxing authorities.

## **4 – How are funds deposited by MBX.**

Deposits are, generally, left at the MBX Foundation offices at 1097 Aviation Blvd., Hermosa Beach CA 90254. Deposits are verified by Kathy Duffy, as the staff-member designated to handle all deposits. Kathy has no check signing or issuing responsibilities nor does she reconcile bank accounts. Questions regarding deposits can be directed to Kathy. Once deposits are verified, Kathy then makes the deposit at one of two MBX banks, Opus Bank or Wells Fargo Bank.

In some cases, booster groups have asked to make deposits directly (this occurs periodically when the booster club has significant gate or cash receipts and feels uncomfortable warehousing those deposits until the MBX offices open). Any booster group can make deposits directly. We ask that they coordinate those deposits with Kathy so she’s notified regarding the amount and type of deposit.

## **5 – Is Gary Wayland the only person who issues checks?**

Gary DOES issue checks each week based on requests made by each booster club. No check is charged to a booster club without permission by a booster club representative. Booster representatives make weekly and monthly requests for detailed reports so that they can reconcile their activity with activity as provided by MBX. Any errors are generally corrected within 24 hours of notification. As previously mentioned MBX has back-up check signers and back-up staff for check preparation duties.

**6 – Where is the written guarantee that all funds deposited into the MBX Foundation are distributed to each designated booster club?**

Each School Connected Organization (SCO) has a designated treasurer who is tasked with reconciling MBX records to their own records. Reports are provided by MBX to the treasurer whenever requested (usually same day of request). MBX will also engage annual outside auditors, the cost of which is not paid by the booster clubs.

**7 – There are an estimated \$2 million in reserves in the MBX Foundation at this time so there should be no problem in funding all booster clubs and teacher stipends**

Today, there is actually more than \$3 million in reserves in MBX. Of that \$3 million, about \$1 million is on account for our 33 SCOs and is available for them to spend AS THEY REQUEST.

MBX HAS NO SAY OVER PAYMENTS EACH SCO MAKE.

The other \$2 million are reserves MBX has accumulated, independent of the SCOs, and are earmarked for the construction of a new turf field on the Meadows side of the Mira Costa High School campus. The field is scheduled to be completed by fall of 2015.

**8 – What is the legal mechanism for the distribution of booster club funds should Gary Wayland be unavailable?**

See responses to Q1 and Q5 above.

**9 – Will there be a problem in distributing stipends to teachers and coaches?**

In-season stipends are paid by the District to each coach.

The District then bills MBX for reimbursement which we provide AFTER the stipend has been approved by the Treasurer of the respective SCO.

**10 – Several SCO's were IRS tax-exempt organizations prior to combining with MBX. Is it legal for them to give their money to MBX?**

In general, tax-exempt organizations in CA have provisions in their articles of incorporation and their bylaws indicating that they must, upon termination, distribute their funds to another 501c3 organization, an organization with IRS tax exempt status.

MBX Foundation is a 501c3 organization and, therefore, is an acceptable organization for tax-exempt organizations to transfer their funds. These funds will continue to be held on behalf of whatever SCO made the transfer.

**11 – If parents are being told to write checks to the MBX Foundation instead of a Mira Costa High SCO, what happens to that SCO's current funds?**

Past funds raised and not spent by an SCO are maintained for that SCO by MBX. Any current funds paid to an SCO are held on account by MBX for that SCO.

SCO's in general and SCO treasurers specifically take great care in safeguarding their funds, whether they are current funds raised or whether they are accumulated fund balances raised but not spent in prior years. The greatest oversight is each individual SCO which – correctly and diligently – reconciles their records of the balance they have with what MBX reflects.

**12 – What is the "Graduate Resisting Alcohol and Drug Booster Club?"**

This is GRAD Night, a wonderful event for graduating seniors to make sure they celebrate graduation without alcohol or drugs. Their funds are maintained by MBX just like all other SCO's.

**13 – I estimate total MCHS current booster fund reserves at over \$400,000. Where are these funds going?**

MBX believes that SCO reserves are likely closer to \$1 million. Each SCO is responsible for their own budget. The budget for each SCO was submitted to the Manhattan Beach Unified School District Board of Trustees and approved by the Board after review. Each SCO is responsible for spending their annual budget and reserves. Funds are simply retained by MBX for consistency of reporting and accounting.

**14 – It is troubling that Gary Wayland seems to also be the only person who has filled out and files the 501c3 IRS 990 forms for many MBUSD booster clubs, PTSAs and tax-exempt booster clubs.**

Gary Wayland, his staff and his firm, Wayland & Vukadinovich, complete over 75 exempt organization returns for local South Bay tax exempt organizations, including a number of SCOs at Mira Costa. Wayland & Vukadinovich LLP do not prepare financial statements, do not oversee the accounting, do not issue checks, and do not provide oversight to these SCO's. Wayland & Vukadinovich LLP simply prepare the tax returns, the SCOs provide the financial statements.