

BOOSTER ORGANIZATIONS BEST PRACTICES

Orange Unified School District
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Presented by:

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WHY THE FOCUS ON BOOSTER ORGANIZATIONS?

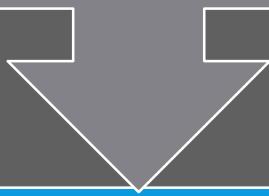
- Boosters are a great asset to the educational program and extracurricular activities
 - provide financial support
 - host celebratory events (senior night, banquet, etc.)
 - purchase items, equipment for donation to the district
 - provide for additional coaching (educational or athletic)
 - model and promote good sportsmanship
- Involves the school, teachers and students
- Oversight is required by Education Code and board policies
- Small nonprofit organizations have more internal control challenges
 - Reliance on volunteers
 - High volume of cash sales
 - More difficult to segregate duties
- If things “go wrong” negative press adversely affects the booster organization, the school and the school district

GOALS FOR THIS SESSION

- Understand fundamentals of Booster Organizations
- Steps to create a Booster Organization
- What is expected of a booster by the district
- Review common internal control required

WHAT IS A BOOSTER ORGANIZATION?

The Board of Education recognizes that parents may wish to form parent organizations for the purpose of supporting district activities and helping achieve the District's vision for student learning.



The term 'parent organization' may include a booster club, PTA, PFA, or any other organization that generally raises money for classroom activities or activities at specific schools.

The Board supports such activities and welcomes parental interest and participation.

Parent organization/booster clubs assist student groups financially with the cost of events, supplies, equipment, and general expenses.

WHAT IS THE DISTRICT'S RELATIONSHIP WITH PARENT ORGANIZATIONS/ BOOSTER CLUBS?

- Parent organizations/booster clubs are legally separate from the District.
 - Parent organizations/booster clubs are not under the legal control of the District Superintendent, Governing Board, or site administrators.
- Parent organizations/booster clubs funds are not controlled by District officials or students.
 - Parent organizations/booster clubs must not comingle their funds with ASB funds.
- Parent organizations/booster clubs must not administer or supervise ASB organizations.

WHAT IS THE DISTRICT'S RELATIONSHIP WITH PARENT ORGANIZATIONS/ BOOSTER CLUBS?

Parent organization/booster club fundraising must not conflict with California law, District Board Policy/Administrative Regulation, or any rules of the sponsoring school.

Parent organization/booster club fundraising involves activities planned, operated and run by parent organization/booster parents.

Students may be involved in booster fundraising only after school and during weekends.

SCHOOL CONNECTED ORGANIZATIONS

Parent organizations/booster clubs are often referred to as “school-connected organizations.”

Parent organizations/booster clubs connect parents and community members with the curricular and co-curricular activities of students at school.

The advisor or coach of a student group serves as the liaison between the group’s booster club and the District, under the supervision of the school Principal.

The advisor or coach is responsible for determining the various activities and trips for which the parent organization will fundraise with the approval of the Principal.

Parent organizations/booster clubs legally do not have free access to schools and their students.

Parent organizations/booster clubs should serve as auxiliaries to the school program and should conduct activities and fundraising events by relying upon the primary participation of parents and other adult community members.

RELATIONSHIPS AND INTERACTIONS WITH DISTRICT PERSONNEL

Parent organizations/booster clubs as a group may not attempt to influence any District or school representative, principal, or other administrator or act as a lobbying group concerning matters involving duties assigned to District personnel. (e.g. trips, staffing, schedules)

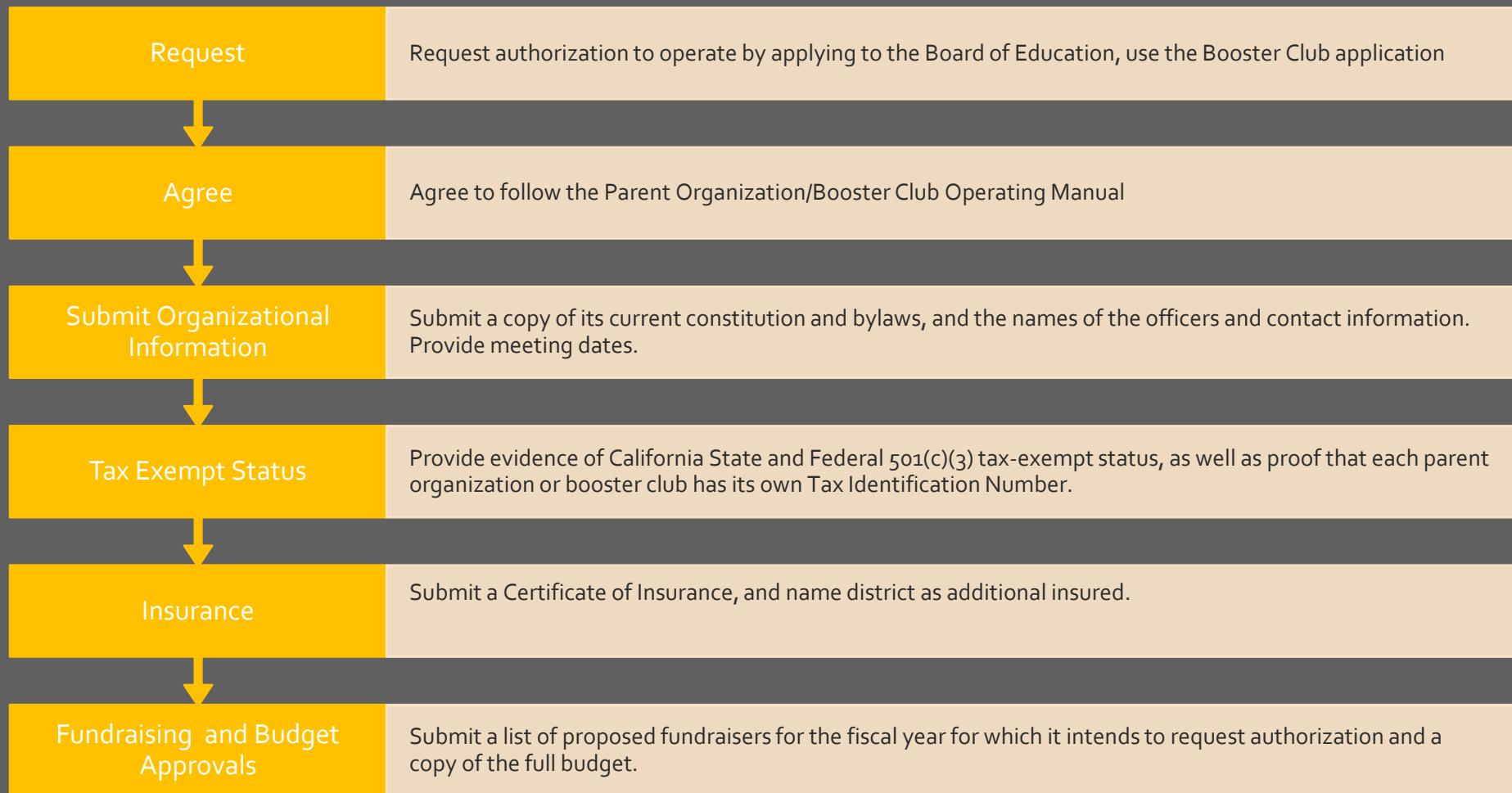
Parent organizations/booster clubs may not be involved in the decisions of a coach or advisor, personnel issues, scheduling of contests, rules of participation, or policy making activities for any student group or extracurricular program.

Parent organizations/booster clubs must not directly support political activities by providing campaign donations or placing advertisements in support of a particular candidate. Doing so could jeopardize the parent organization's/booster club's tax-exempt status.

Announcements of events and related parent/guardian permission slips must clearly indicate that the activity or event is sponsored by the parent organization/booster club, not by the school or District.

Goods or services are not to be ordered in the name of the school or school personnel. School personnel are not to sign parent organization checks or invoices. Goods or services must be ordered in the name of the parent organization/booster club.

APPROVAL BY DISTRICT



MONITORING BY THE DISTRICT

Once granted authorization to operate, each parent organization/booster club must:

1. Submit annually a budget with planned fundraisers and estimated revenues, expenses and net profits
2. Submit complete, up-to-date financial statements to the school site principal monthly.
3. All financial statements submitted must contain up-to-date information on the parent organization's/booster club's revenue and expenses as well as the parent organization/booster club's net gain or loss for each fundraiser held.
4. Principal retains the authority to revoke the booster organization.

***Renewal is required every 5 years by the district board
and annually by the site principal***

LINKAGE TO EDUCATION CODE

A school-connected booster organization shall obtain the written approval of the Superintendent or designee prior to soliciting funds upon the representation that the funds will be used wholly or in part for the benefit of a District school or the students at that school. (Education Code 51521)

A school-connected organization may consult with the principal to determine school needs and priorities. Any participation in fundraising activities by students and their parents/guardians and/or any donation of funds or property shall be voluntary. (Education Code 49011)

Booster clubs' ability to use school facilities at K-12 districts is regulated by California Education Code sections 38130-38139, known as the Civic Center Act.

SOLICITATIONS ON SCHOOL PREMISES

- California Education Code 51520, Prohibited Solicitations on School Premises, states the following for K-12 school entities:
 - *During school hours, and within one hour before the time of opening and within one hour after the time of closing of school, pupils of the public school shall not be solicited on school premises by teachers or others to subscribe or contribute to the funds of, to become members of, or to work for, any organization not directly under the control of the school authorities, unless the organization is a nonpartisan, charitable organization organized for charitable purposes by an Act of Congress or under the laws of the state, the purpose of the solicitation is nonpartisan and charitable, and the solicitation has been approved by the county board of education or by the Governing Board of the school district in which the school is located. Nothing in this section shall be construed as prohibiting the solicitation of pupils of the public school on school premises by pupils of that school for any otherwise lawful purpose.*

TWO DISTRICT BOARD POLICIES

- BP 1230(a): Requires Board approval to operate under District established rules.
- BP 1321: The Board of Education recognizes that participation in fundraising for nonprofit, nonpartisan charitable organizations can help students develop a sense of social responsibility. When approved in advance by the Board, funds may be solicited or materials distributed for those nonprofit, nonpartisan organizations that are properly chartered or licensed by state or federal law. (E.C. 51520)
 - With the approval of the Superintendent or designee, official school-related organizations may organize fundraising events involving students. (cf. 1230 - Other School-Connected Organizations)

SEPARATION FROM ASB FUNDS

1

Parent organizations/booster clubs must always maintain a clear separation with school site's ASB.

2

Parent organization/booster club funds must not be comingled with ASB funds.

3

All activities and fundraising events based primarily upon student participation should be conducted through the ASB.

ORGANIZING A BOOSTER GROUP

NAMING OF THE BOOSTER ORGANIZATION

- A parent organization/booster club's name may not imply any connection with or any form of responsibility of the District, school, or ASB, with the following exception:
 - If the name chosen includes Parent-Teacher Association, Parent Faculty Association, Parent Teacher Organization or "Booster Club, only then is the use of the school name or mascot permitted.
- It is recommended that the name of the school or school mascot not be used in the name of the parent organization or booster club.
 - A Parent organization/booster club should create its own unique logo/mascot, separate and distinct from the school site logo or the district logo.
- A parent organization/booster club must not use the school or District address on its letterhead or any correspondence without the District's permission.

MEMBERSHIP IN THE BOOSTER

Membership in parent organizations/booster clubs is limited to parents, community members, and school staff.

District employees may not sign parent organization/booster club checks or invoices.

Any District student advisor, coach, or teacher whose own children may benefit from the operations of a parent organization/booster club may not serve as an officer in that parent organization/booster club but may serve in an advisory capacity.

Every parent organization/booster club must maintain ongoing communication with the school site Principal or designee.

Parent organization/booster club membership fees may be assessed for raising funds for specific projects for the school but may not be required for membership in the parent organization/booster club.

A parent organization/booster club may not unlawfully discriminate against any parents, community members, or staff who wish to participate in the parent organization/booster club's activities.

ELECTION OF OFFICERS

- Election of officers for parent organizations/booster clubs should occur on an annual basis. At a minimum, the position of president, vice president, secretary, and treasurer should be elected. These officers make up the executive board.
- All members of a parent organization/booster club's executive board are legally obligated to be prudent and reasonable in conducting themselves to help preserve parent organization/booster club funds and legally protect the parent organization/booster club.
- All executive board members must actively participate in the management of the parent organization/booster club including attending meetings, evaluating financial reports, and reading minutes.
- All elected officers must provide complete contact information to the District Business Department and school site administrator.
- District employees may not serve in a financial capacity for any parent organization/booster club. This treasurer, fundraising chair, collection of cash.

ANNUAL AUDIT

- At the end of the fiscal year, an audit of the parent organization's/booster club's financial records should be conducted. The audit should be performed by at least two individuals who are independent from the parent organization/booster club's day-to-day financial activities.
 - An annual external audit conducted by a certified public accountant is highly recommended.
- All financial discrepancies discovered during the audit must be brought to the parent organization/booster club president's attention.
- A plan for resolving all audit exceptions and financial discrepancies must be proposed to the general membership immediately.

CONSTITUTION

- At a minimum, a parent organization/booster club's constitution must include the following elements:
 1. Name and purpose of the organization.
 2. Membership and Tenure. a. Who can join? b. How many members? c. What officers? d. Who has voting rights? e. Will those who move from the school attendance area be allowed to serve out their terms, if desired? f. What are the procedures for removing someone from office? g. How long will they be allowed to serve? h. Will they be allowed to serve consecutive terms? If so, how many?. How will unexpired terms be filled when vacancies occur? j. Will leaves of absence be permitted?
 3. Executive Board or Officers. a. Positions and duties of each position defined b. Position and term limitations (recommended not to serve for more than two consecutive fiscal years in any one position)
 4. Method of amendments to the constitution. a. By who b. By petition of percent of members c. By ballot

BYLAWS

- A parent organization/booster club's bylaws should include the following elements:
 1. Duties and powers of executive board and officers
 2. The composition and membership of committees
 3. Succession to office
 4. Elections and qualification for office
 5. Finances
 - a. Statement of internal controls, authorization of financial activities
 - b. Who shall approve prior to any commitment
 - c. Statement determining distribution of assets upon dissolution to another non-profit organization, the parent organization/booster club's school site or ASB, or to the District
 6. Meeting schedule/Notice required
 - a. For regular and special sessions
 - b. Time, manner, frequency
 - c. What constitutes a quorum
 - d. Who shall conduct meetings
 7. Procedures for resignation of parent organization/booster club officers
 8. Procedures for filling vacancies in elected officer positions and term of replacement officer
 9. Termination of officers for failing to attend two consecutive noticed meetings without cause or notice to other parent organization/booster club officers

HOW TO INCORPORATE

Incorporation in California Submit Articles of Incorporation to: Secretary of State, Business Entities PO Box 944260 Sacramento, CA 94244-2600 Website: www.sos.ca.gov/

The incorporator must sign the articles of incorporation. Within 90 days of filing the Articles of Incorporation, submit Form SI-100 (Statement of Information). The SI-100 form may be filed online at businessfilings.sos.ca.gov or mailed to: Secretary of State Statement of Information Unit P.O. Box 9444230 Sacramento, CA 94244-2300 Website: www.sos.ca.gov/ Filing

EMPLOYER IDENTIFICATION NUMBER

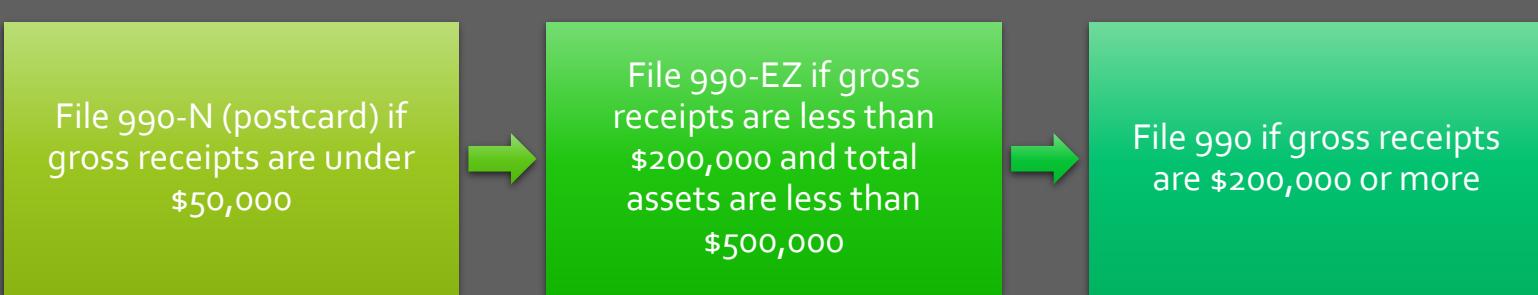
Employer Identification Number (EIN) A parent organization/booster club is not a legal component of the school district. Therefore, each parent organization/booster club must have its own EIN.

To obtain an EIN, parent organization or booster club officers or founders should carefully review, complete, and submit IRS Form SS-4, "Application for Employer Identification Number." ü Instructions: <http://www.irs.gov/pub/irs-pdf/fss4.pdf> ü On-line application: <http://www.irs.gov/business/small/article/o,,id=102767,oo.html>

FEDERAL TAX EXEMPTION

- Federal Tax-Exempt Status ü IRS Publication 557, “Tax-Exempt Status for your Organization” ü IRS Rules & Procedures:
<http://www.irs.gov/pub/irs-pdf/p557.pdf>
- To obtain federal/IRS tax exempt status, parent organization/booster club officers and founders should carefully review, complete, and submit IRS Form 1023, “Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code”
- Instructions: <http://www.irs.gov/pub/irs-pdf/f1023.pdf>
Application: <http://www.irs.gov/pub/irs-pdf/f1023.pdf>
 - Note: Upon approval, the IRS will issue a determination letter documenting the parent organization/booster club’s 501(c)(3) nonprofit, tax-exempt status.

FEDERAL FORM 990 REPORTING



CALIFORNIA TAX EXEMPTION

- Parent organizations/booster clubs with a 501(c)(3) federal determination letter can obtain California affirmation of tax exemption from the California State Franchise Tax Board by carefully reviewing, completing, and submitting Form 3500A along with a copy of the IRS determination letter. There is no fee.
- FORM: <https://www.ftb.ca.gov/forms/misc/3500a.pdf>
- Parent organizations/booster clubs without a 501(c)(3) federal determination letter are STILL required to file form 3500 for state income tax exemption. There is a fee.
 - FORM: <https://www.ftb.ca.gov/forms/misc/3500.pdf> Note: FTB 3500A can only be used by organizations that have a federal determination letter under Internal Revenue Code (IRC) Section 501(c)(3).

STATE FORM 199 REPORTING

If your organization has existed:	File Form 199 if the gross receipts threshold is:
1 year or less	More than \$75,000
More than 1 year, but less than 3 years	More than \$60,000 (average for current year and immediately preceding year)
3 years or more	More than \$50,000 (average for current year and immediately preceding 2 years)

CHARITY REGISTRATION

- Charities are required to register with the California Attorney General's Registry of Charitable Trusts.
- Any parent organization/booster club that is organized as a nonprofit corporation with California and/or federal tax exempt status must register with the California Attorney General's Registry by filing corporate documents no later than 30 days after initial receipt of assets.
- All registered charities must file Form RRF-1 annually.
- Registered charities must also file Form 990, 990-ES, or 990-PF annually.
 - Forms and instructions can be found at <http://oag.ca.gov/charities/forms>

SALES AND USE TAX

- Parent organizations/booster clubs are not sales tax-exempt, unless they have filled out the proper application forms from the California Franchise Tax Board.
- Organizations that have applied for and received a letter of sales tax exemption do not have to pay sales and use tax when they buy, lease, or rent taxable items necessary to the organization's exempt function.
- For more information on sales and use tax or a seller's permit, you may contact the California Board of Equalization at <http://www.boe.ca.gov> or call 800.400.7115.
 - Parent organizations/booster clubs can apply for a California seller's permit online at <http://www.boe.ca.gov/info/reg.htm>

DISSOLVING A BOOSTER ORGANIZATION

- Notify the district of your intent to dissolve the organization
- Residual funds must go for the purpose in which the booster was established (required of non-profit organizations)
 - Cannot be distributed to booster parents
 - You can donate to the ASB or district
- There are final filing requirements with the IRS and FTB

USE OF DISTRICT FACILITIES

The school principal or designee must approve all on-campus parent organization/booster activities, including meetings and fundraisers.

Parent Organization/booster clubs' ability to use District school facilities is regulated by California Education Code sections 38130-38139, known as the Civic Center Act.

Any requests for use of school facilities must be filed with the District, complete the Application and Agreement for Use of Facilities

Parent organization/booster club on-campus activities must not conflict with school schedules or activities, or District activities, which always take precedence over parent organization/booster club activities.

ELECTION DO'S AND DON'TS FOR NON PROFIT 501(C)(3) ORGANIZATIONS

ELECTION DO'S AND DON'TS FOR NON PROFIT 501(C)(3) ORGANIZATIONS

- ***What can 501(c)(3) organizations do***

- Issue advocacy, as long as you do not attempt to intervene surreptitiously in a political campaign;
- Sponsor appearances by a candidate or public official:
 - If you invite them as a candidate, make sure you indicate no support or opposition to them at the event and that all other candidates are given equal opportunity to appear at the event as well;
 - If you invite them in a capacity other than as a candidate, you don't need to invite opposition, but make sure the event doesn't turn into a campaign appearance or fundraiser.
- Sponsor a debate between candidates as long as:
 - You invite all qualified candidates;
 - An independent panel prepares the questions;
 - The topics cover a broad range of issues, including those of particular importance to your organization;
 - Every candidate has an equal opportunity to speak;
 - The moderator is neutral and states at the beginning and end of the program that the views expressed are not representative of your organization .

ELECTION DO'S AND DON'TS FOR NON PROFIT 501(C)(3) ORGANIZATIONS

- *What can 501(c)(3) organizations do, continued*
- Try to persuade candidates to agree with you on issues and to take a public stand-but that is as far as you can go.
- Work to get your positions included on a political party's platform by:
 - Delivering testimony to both parties' platform committees;
 - Including a disclaimer **in** both oral and written testimony that the testimony is being offered for educational purposes only;
 - Reporting the testimony and any responses in your regularly scheduled newsletter to members.
- Operate a non partisan voter registration or get-out-the-vote drive. Note that get-out-the vote activities must be designed solely to educate the public about the importance of voting and must not show any bias for or against any candidate or party.

ELECTION DO'S AND DON'TS FOR NON PROFIT 501(C)(3) ORGANIZATIONS

- *What can 501(c)(3) organizations NOT do?*
- Support specific candidates or parties **in** races for elected office, including :
 - Support or oppose a declared candidate or third party movements;
 - Conduct efforts to "draft" someone to run;
 - Conduct exploratory advance work.
- Endorse a candidate or contribute to a campaign with money or time:
 - Members can, of course, donate or volunteer on their own time .
- Contribute any cash or in-kind support:
 - Includes loans or paying to attend partisan political dinners;
 - An in-kind contribution is considered providing anything of value to a candidate, political party or political organization when you are not paid the fair market value in return.

ELECTION DO'S AND DON'TS FOR NON PROFIT 501(C)(3) ORGANIZATIONS

- *What can 501(c)(3) organizations NOT do?*
- Send partisan political communications to their members or employees telling them how to vote.
- Sponsor joint fundraising events or solicitations with candidates or political group.
- Directly approach candidates and ask them to endorse your organization's agenda.

ELECTION DO'S AND DON'TS FOR NON PROFIT 501(C)(3) ORGANIZATIONS

- *Additional information from the IRS*
- Section 501(c)(3) provides a federal tax exemption to a charitable organization , so long as it "does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf (or in opposition to) any **candidate for public office**. The IRS also forbids such organizations from trying to prevent a public official from being re-nominated.
- **Candidate:** any individual who offers himself or herself, or is proposed by others, as a contestant for an elective public office.
- **Public office:** any position filled by a vote of the people at the federal, state or local level, ranging from the President of the United States to the local school board, and elective party offices, such as precinct committee persons and party nominations.

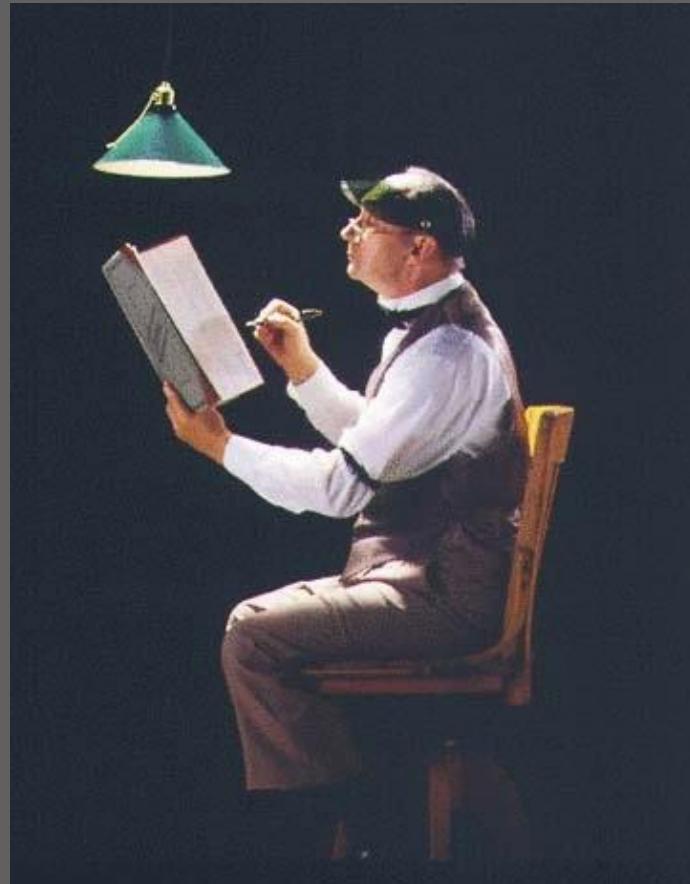
ELECTION DO'S AND DON'TS FOR NON PROFIT 501(C)(3) ORGANIZATIONS

- *Can an organization state its position on public policy issues that candidates for public office are divided on?*
- An organization may take positions on public policy issues, including issues that divide candidates in an election for public office as long as the message does not in any way favor or oppose a candidate.
- Be aware that the message does not need to identify the candidate by name to be prohibited political activity. A message that shows a picture of a candidate, refers to a candidate's political party affiliations, or other distinctive features of a candidate's platform or biography may result in prohibited political activity.

ELECTION DO'S AND DON'TS FOR NON PROFIT 501(C)(3) ORGANIZATIONS

- *Can an organization post information on its website (or link to other websites) about a candidate for public office?*
- A website is a form of communication. If an organization posts something on its website that favors or opposes a candidate for public office **it** is prohibited political activity. It is the same as if the organization distributed printed material, or made oral statements or broadcasts that favored or opposed a candidate.
- If an organization establishes a link to another website, it is responsible for the consequences of establishing and maintaining that link even if the organization does not have control over the content of the linked site. Because the linked content may change, the organization should monitor the linked content and adjust or remove any links that could result in prohibited political activity.

BOOSTER FINANCES



BUDGETS

- Outlines financial plan for period of time
 - Estimates revenues
 - Estimates expenses
 - Includes ending balance
- Approved at booster board meeting
- A planning and operational control guide
 - Fundraise with a specific goal in mind
- Provided to the district annually
- Never in cement – REVISE!

ACCOUNTING RECORDS

- It is important to:
 - Track revenues and expenditures by fundraiser
 - Prepare monthly financial reports
 - Monthly bank reconciliation

FINANCIAL STATEMENTS

The parent organization/booster club treasurer must submit financial statements comparing the current budgeted versus actual expenditures and receipts to the parent organization/booster club members and the school site principal or his/her designee at each meeting.

Monthly submission of financial statements to the district

Annual audit of financial statements

BANK ACCOUNTS

- Parent organizations/booster clubs must establish their own bank accounts.
 - Comingling parent organization/booster club funds and Associated Student Body funds is strictly prohibited.
- The parent organization/booster club must not use the school site or District's name on its checks unless its name includes Parent-Teacher Association, Parent Faculty Association, Parent Teacher Organization or Booster Club.
- School site or District employees may not be signers on parent organization/booster club bank accounts.
- Only individuals who are authorized officers to handle parent organization/booster club funds may have access to funds through parent organization/booster club bank accounts.

FUNDRAISING



FUNDRAISER REQUESTS

- Fundraisers are to be approved by the site administrator *before* fundraiser occurs
 - Recommend that a list of fundraisers are approved at the start of the school year and then updated as needed
- Prohibited or questionable activities: raffles, animal rides, darts, trampolines, rental of facilities, water dunk tank
- Gambling is illegal! For bingo, check with city and county ordinances. See slide on raffles.
- Food sales must meet healthy snack requirements if held $\frac{1}{2}$ hour before or after school hours.
 - No sales during school hours.
 - Must meet federal and state food safety standards

FUNDRAISER GUIDELINES

Fundraising should be conducted with the goal of benefiting all students in the activity without identification of individual students.

Fundraising should always have a stated and specific goal and not simply to raise money for the group.

Students participating in parent organization/booster fundraising activities cannot be required to volunteer.

No student or teacher may be required to raise any minimum amount of money or to sell any minimum amount of goods.

GREEN, YELLOW AND RED LIGHT ACTIVITIES AND EVENTS

- **Green light:** generally allowed, but permission still needed
 - Examples: arts and crafts activities; fashion show; book fair; spelling bee; pizza night; carnival (no power rides); bowling; dances; costume carnival; band concert; bake sale
- **Yellow light:** generally allowable, if certain condition are met
 - Examples: athletic events; skate night; swim party; opportunity drawings; climbing walls; hypnotist; food concessions, etc.
- **Red light:** prohibited
 - Examples: cow pie bingo; inflatable anything; monster trucks; water slides; blood testing; animal rides; alcohol sales; slam dancing; martial arts; surfing contests; hot air balloons; paintball; rocket launch, etc.

(see full list in booster org. guidelines)

RAFFLES



Legal raffles can only be conducted if the parent organizations/booster clubs meet the following requirements:

- 1. Obtained both federal and state tax-exempt status;
- 2. Licensed to do business in California for at least one year;
- 3. Registered with the California Attorney General;
- 4. Completed the California Attorney General's annual raffle registration form by September 1 of the year in which the raffle will be held;
- 5. Submit an annual report to the California Attorney General that includes gross receipts and expenses incurred from the operation of the raffle, as well as the charitable or beneficial purposes for which the proceeds were used.

OTHER RESTRICTIONS REGARDING RAFFLES

At least 90% of the profits of each raffle must be distributed to beneficial or charitable purpose. This means “50/50” raffles are illegal!

Detachable tickets must have identifying numbers.

Only adults may supervise the raffle drawing.

The raffle may not be conducted over the internet.

For more information on conducting a legal raffle, visit the California Attorney General’s website.

PRIVATE INUREMENT/ PRIVATE BENEFIT

No individual may personally or privately benefit from a nonprofit tax-exempt organization's fundraising. Example:

- Capital Gymnastics Booster Club v. Commissioner (2013) a United States Tax Court upheld the Internal Revenue Service's revocation of a parent-run booster club's tax-exempt status.
- In Capital Gymnastics, the deciding issue cited by the Court was that funds raised by parents were specifically earmarked for their own children.
- The Capital Gymnastics system also allowed parents to pay certain out-of-pocket costs and then fundraise less.
- Because of this fundraising structure, the Court found there was "private inurement" because specific dollars raised were earmarked for particular students and not the group generally.
- The Court ruled this meant some parents were using the tax-exempt booster club to raise money solely to benefit their own children.

FEES AND FREE EDUCATION GUARANTEE

- The California Education Code states that a pupil enrolled in a public school shall not be required to pay a pupil fee for participation in an educational activity [EC Section 49011(a)].
- An educational activity is defined as an activity offered by a school, school district, charter school or county office of education that constitutes an integral fundamental part of elementary and secondary education, including, but not limited to, curricular and extracurricular activities [EC Section 49010(a)].
 - For example, you cannot impose a mandatory player fee as it is a violation of the free school guarantee.
- Prohibited fees include security deposits for locks, lockers, books, class apparatus, musical instruments, uniforms, or other equipment.

FEES AND FREE EDUCATION GUARANTEE

- Schools can always ask for voluntary donations of funds or property, and voluntary participation in fundraising activities, as long as a student's ability to participate in a school activity, either curricular or extracurricular, is in no way determined based on whether a donation was made
- It is permissible to charge fees for school- or district-sponsored activities that are purely recreational rather than educational and at which attendance is optional, such as an after-school dance or a weekend athletic event.
 - But, don't interpret the law yourself, ask the district first

The Guidelines for Booster Clubs has a list of prohibited and unallowable fees

GENERAL CASH RECEIPTS GUIDELINES

Use pre-numbered cash receipts, except when cash registers or ticket logs are used

Record and deposit in its entirety and timely

Major fundraising activities should be accompanied by a budget to actual comparison

Cash over/short must be closely monitored

Copies of all receipts and a list of checks, money orders, and cashier's checks received should be made to assist in recovery of money if these items are lost, stolen, or returned due to insufficient funds.

DEPOSIT GUIDELINES

Cash received from parent organization/booster club fundraisers should always be counted by two parent organization/booster club officers who then both sign a cash receipt with multiple copies.

Any checks received should be restrictively endorsed immediately.

Money should be kept in a safe until deposit is made

Bank deposits should be made at least once per week, or when the deposit exceeds \$250, varying with amount of activity

Deposits should be reconciled to receipt numbers or deposit support for an “audit trail”

CONCESSION SALES

- Similar controls as those over other fundraising activities, in addition:
 - Use a cash register or a sales tally sheet to reconcile cash daily to the inventory sold by individual cashier



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EXPENDITURES – “CASH DISBURSEMENTS”

- Proper Approvals
- Check Controls
- Payments to Contractors and Staff
- Donations
- Scholarships



PROPER APPROVALS

Use of purchase
orders
recommended

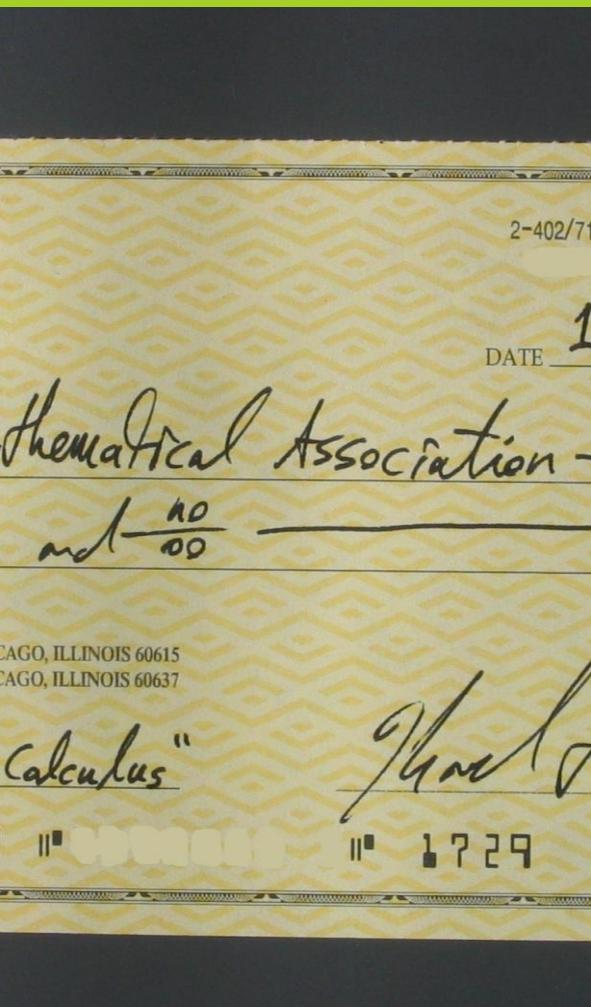
Ensure budgeted
funds will cover
the planned
expense

Approval of
expenditures by
the booster
governing board

PURCHASES FOR THE PARENT ORGANIZATION/BOOSTER CLUB

- Purchases of supplies or equipment necessary for the day to day operation of the parent organization/booster club, and to conduct fundraisers must be made from parent organization/booster club funds.
 - For example, if a parent organization/booster club runs a concession stand, the parent organization/booster club should purchase items to be sold from parent organization/booster funds.
- Parent Organizations/booster clubs are not eligible for the District's special rates or discounted pricing.
- Parent organizations/booster clubs cannot make purchases under a District contract. Parent Organizations/booster clubs should instead negotiate their own pricing, contracts, or discounts from vendors of their choice.
- School ASBs and the District itself cannot make any purchases for the benefit of a parent organization/booster club using District funds.
 - Items necessary for parent organization/booster club fundraisers may not be purchased through any ASB organization, even if the parent organization or booster club provides the funding for the purchase.

CHECK CONTROLS



- Appropriate supporting documentation (invoices, receipts), including a signature from an authorized officer, should be attached to the written record and filed in check number order.
 - Proof of receipt of goods or services should be required before payment is made on an invoice or receipt
- Checks should require two signatures, school employees cannot be signer on the account
- Bookkeeper should not be an authorized signor on the bank account
- Voided checks should be retained in file
- Checks should never be payable to cash
- Checks should never be used for personal reasons
- Purchases made directly out of cash collections should not be done

EQUIPMENT PURCHASES



Should be used in the operation of the booster

If used on the school campus, it should be pre-approved by the district because of maintenance and insurance issues

Donated equipment should be approved by the district's governing board

If the booster is responsible for the equipment, then adequate inventory records and insurance should be maintained

PAYMENTS TO DISTRICT EMPLOYEES

Parent organizations/booster clubs may not make direct payments or make payments in the form of gift cards to any District employee for services performed for the parent organization/booster club.

If a parent organization/booster club wishes to make a payment to a District employee (e.g. a coach for services provided at a summer camp), it must follow District HR policies.

Parent organizations/booster clubs may not directly hire any District employees to perform services for the District or a District school site.

1099 REPORTING REQUIREMENTS

- IRS requires that all payments for services in excess of \$600 made to a vendor or an individual by a parent organization/booster be reported on Form 1099 annually.
- Secure an IRS form W-9 from the provider at the time of service in order to obtain an accurate record of the taxpayer identification number.
- Issue a Form 1099 to all vendors who performed services in the last calendar year by January 31 of the next year.

Printable W-9 Form is easily access via IRS website

W-9

Form
(Rev. October 2007)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)	
Business name, if different from above	
<p>Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=dissolved entity, C=corporation, P=partnership) ► <input type="checkbox"/> Other (see instructions) ►</p>	
Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code	
List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3.

Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
| : |
or

Employer identification number
| : |

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of
U.S. person ► Date ►

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

DONATIONS



- Parent organizations/booster clubs exist to assist school and ASB programs.
- Such assistance may come in the form of donations of supplies, equipment and payment for student transportation to events.
- Parent organizations/booster clubs can donate funds to ASB accounts, but once money is in ASB accounts, it may not be used by parent organizations/booster clubs or transferred back to parent organization/booster club accounts.
 - All donations to ASB must be accepted and approved by the ASB student council.
- Education Code section 41032 and District Board Policy provide that the District Board of Education may accept and approve any donations to a school or the District.

DONATIONS OF FUNDS TO SCHOOLS

- When a parent organization/booster club donates funds to the school, it can choose to state the specific purpose for which the funds are being donated.
- Donations must be processed in accordance with district policies and procedures.
 - Write a check to the school and obtain a receipt.
- A parent organization/booster club must not discriminate against students on the basis of their family's membership in, contributions to, or fundraising for the parent organization, or the family's time spent on parent organization/booster club activities.

DONATIONS, CONT'D

- When a parent organization/booster club wishes to donate funds to the District for supplies or equipment: first donate the funds and clearly indicate the purpose of the donation; District will then carry out the purchase through its purchasing system and in accordance with District guidelines and California law.
- When a parent organization/booster club wishes to donate funds for transporting students to and from events: The District school site must have already completed a field trip request form for the event in question;
 - The District Business Services Department will bill the parent organization/booster club for the cost of the transportation
 - Parent organization/booster club cannot directly contract for transportation service with an outside agency.
- Donations for facilities repairs and improvements need pre-approval by the district, use Project Approval Request.



- Parent organization/booster club wishing to grant a scholarship to a District student must do so with adequate supporting documentation.
- Documentation should show the source of the scholarship funds, the parent organization/booster club board approval of the scholarship, and the method by which the scholarship recipient was selected.
- A vote among parent organization/booster club members or a vote of a scholarship committee should be part of the selection process for the scholarships.
 - Any parent organization/booster board member who has a family relationship with the scholarship applicant must abstain from voting.

WHAT IS THE AUDITOR LOOKING FOR?



AUDIT FOCUS

Financial reports and bank reconciliations are up to date

Budgets are prepared

Board minutes approve budget, fundraisers and expenditures

Good internal controls including, segregation of duties and security of assets

Deposits are supported by cash receipts

Checks are supported by approvals, receipts and proof of delivery

Expenditures are related to booster's purpose

Stores inventory is taken and reconciled to purchases and sales

#1 FINDING - CASH

- Common Exceptions
 - Purchasing items with cash receipts
 - Cash not in a secure place
 - Not providing pre-numbered receipts
 - Cash not reconciled to deposit
 - Have two people count cash and sign deposit slip

#2 FINDING - DEPOSITS

- Common Exceptions
 - Deposits not timely
 - Insufficient documentation
- How often should deposits be made?
 - District guidelines
 - Auditor requirements
 - Volume of deposits

#3 FINDING - DISBURSEMENTS

- *NO Prior approval of purchases*
 - Request cannot be dated after invoice date
 - Missing approvals
 - No/insufficient backup documentation
 - Never pay for goods or services out of cash receipts

QUESTIONS?



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