

**SAN MARINO UNIFIED SCHOOL DISTRICT
BUSINESS SERVICES
Memorandum**

To: School Principals and Assistant Principals

From: Julie Boucher, Assistant Superintendent, Business Services

Date: April 11, 2014

Subject: School-Connected Organizations/Booster Club Requirements

In accordance with San Marino Unified School District's Board Policies 1230 and 5132, any group desiring to be recognized as a school-connected organization or Booster club must annually request reauthorization from the Board of Education and establish appropriate controls. Additionally, in accordance with State guidelines, all school-connected organizations and Booster clubs must be separate organizations from both the San Marino Unified School District and Associated Student Body organizations. The following documentation is required for any and all school-connected organization or Booster club requesting reauthorization from the San Marino Unified School District:

Required Document	Explanation
Booster club/school-connected organization name	Define which school or sports activity the group is supporting. See attached application.
Booster club/school-connected organization officers and contact information	List officers' titles, phone numbers, and e-mail addresses.
Employer Identification Number (EIN) for the school-connected organization. Booster clubs and/or school-connected organizations cannot use the District's EIN or an individual's social security number.	An EIN is required for reporting and tax filings as well as to open an account at a financial institution. The EIN application form SS-4 is available on-line at www.irs.gov .
Proof of tax-exempt status under the Internal Revenue Code Section 501(c)(3). Form 1023 is available on-line at: www.irs.gov .	If the school-connected organization desires to receive a determination letter that recognizes its 501(c)(3) tax status and that specifies that contributions to the organization are tax-deductible or the organization's gross receipts equal \$5,000 or more the organization should be classified as a 501(c)(3) organization.
Calendar of meeting dates	A listing of planned board and committee meetings, etc.
Bylaws and Constitution	Provide most recent information.
Certificate of Insurance	For the Booster Club's/school-connected organization's sponsored events and/or activities on school grounds/
Audited Financial Statements for the prior year.	A copy of the school-connected organization's/Booster Club's audited financial statements for the prior fiscal year.
Budget Plan for the current year.	A copy of the school-connected organization's budget plan for the year.

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The aforementioned documentation shall be submitted annually to the District Business Office. The Business Office will present a listing of those groups seeking authorization to serve as a school-connected organization for any of the schools within the San Marino Unified School District to the Superintendent and Board of Education for their approval prior to the start of the school year.

Attached is information provided by the Fiscal Crisis Management Assessment Team (FCMAT) regarding the state laws governing school-connected organizations/Booster clubs, as well as the District's current Board Policies. The FCMAT Accounting Manual includes guidelines regarding the organization of school-connected organizations, financial guidelines, solicitation regulations, site interaction, and many other procedures and functions.

For the upcoming 2014-15 school year, please work with your respective school-connected organizations, Booster clubs, and/or parent-support groups to provide the attached documentation to the District Business Office on or before June 1, 2014 for submittal to the Board of Education for their approval.

Please contact me if you have any questions.

Sincerely,

Julie Boucher
Assistant Superintendent, Business Services

cc: Loren Kleinrock, Superintendent

SAN MARINO UNIFIED SCHOOL DISTRICT
SCHOOL-CONNECTED ORGANIZATION APPLICATION

SCHOOL YEAR: _____

Organization Name: _____

Name of School: _____

The parents of San Marino Unified School District, hereby requests approval for the formation of the: _____ organization.

Objectives/Purposes of the organization are:

We, the members of the school-connected organization have read the rules for forming and conducting this organization and agree to abide by them. Attached is the required documentation for authorization/reauthorization to operate as a school connected organization for the upcoming school year.

Signature of Organization/President Date

Address/Phone No. _____

School Site Principal Date

Superintendent Date

Board Approval Date: _____

School-Connected Organizations

1 The Governing Board recognizes that parents/guardians and community members
2 may wish to organize parent organizations and/or booster clubs for the purpose of
3 supporting District and extracurricular programs. The Board appreciates the
4 contributions made by such organizations and encourages their interest and
5 participation in supporting school and District activities and helping to achieve the
6 District's vision for student learning.

7

8 The Board recognizes school and school-connected organizations are separate legal
9 entities, independent of the school and District. However, in order to help the Board
10 fulfill its legal and fiduciary responsibility to manage District operations, any school-
11 connected organization that desires to raise money to benefit any student group shall
12 annually submit a request for authorization to the Board, in accordance with Board
13 Policy. In addition, the Superintendent or designee shall establish appropriate internal
14 controls for the relationship between school-connected organizations and the District.

15

16 The Board encourages school-connected organizations to consider the impact of
17 fund-raising activities on the overall school and District program. School-connected
18 organizations may consult with the principal to determine school needs and priorities.
19 Activities by school-connected organizations shall not conflict with law, Board Policies
20 or any rules of the sponsoring school.

21

22 Persons proposing to establish a school-connected organization shall submit a
23 request to the Governing Board for authorization to operate at the school. The
24 request for authorization shall contain:

25 1. The name and purpose of the organization

26 2. The date of application

27 3. Bylaws, rules, and procedures under which the organization will operate, including
28 procedures for maintaining the organization's finances, membership qualifications,
29 if any, and an agreement that the group will not engage in unlawful discrimination

30 4. The names, addresses, and phone numbers of all officers

31 5. An agreement to grant the District the right to audit the group's financial records at
32 any time, either by District personnel or a certified public accountant

33 6. The name of the bank where the organization's account will be located and the
34 names of those authorized to withdraw funds

35 7. The signature of the principal of the supporting school

36 8. Proposed budget of income and expenses

School-Connected Organizations

37 9. Planned use for any money remaining at the end of the year if the organization is
38 not continued or authorized to continue in the future

39 10. Evidence of liability insurance naming the District as additional insured, as
40 required by law, for organization-sponsored events on school facilities

41 11. Documentation signed by an authorized representative of the organization that will
42 defend and indemnify the District and its employees and agents for any litigation
43 or lawsuit arising out of, or related to, the organization's activities and events, or
44 any other negligence or claimed negligence of the organizations or its agents.

45 Requests for subsequent reauthorization shall be presented to the Superintendent or
46 designee annually, along with updated information, records, and insurance
47 certificates as described in items 1 through 11 above. The school-connected
48 organizations shall also provide the District with an audited financial statement
49 showing all income and expenses for the prior year, as well as a proposed budget of
50 income expenses for the current year. The Superintendent has the right to deny
51 requests for reauthorization.

52 School-connected organizations are prohibited from hiring or directly paying District
53 employees. District personnel shall not hold any official position in a booster club
54 organization. Organizations may make donations to the District to cover the costs of
55 additional employees, but only if such positions are approved in advance by the
56 Board. At their discretion, employees may volunteer to perform activities for school-
57 connected organizations during non-working hours.

58 Upon consent of the Superintendent or designee, school-connected organizations
59 may use the school's name, school team's name, or any approved logo attributable to
60 the school or District.

61 Legal Reference:

62 EDUCATION CODE

63 200-262.4 Prohibition of discrimination on the basis of sex

64 35160 Authority of governing boards

65 38130-38138 Civic Center Act, use of school property for public purposes

66 48931 Authorization for sale of food by student organization

67 48932 Authorization for fund-raising activities by student organization

68 49431 Sale of food to elementary students during the school day

69 49431.2 Sale of food to middle, junior, or high school students

70 49431.5 Sale of beverages at elementary, middle, or junior high schools

71 51520 Prohibited solicitations on school premises

72 51521 Fund-raising project

73

74 Management Resources:

School-Connected Organizations

- 75 CALIFORNIA DEPARTMENT OF EDUCATION LEGAL ADVISORIES
- 76 1101.89 School District Liability and "Hold Harmless" Agreements, LO: 4-89
- 77
- 78 WEB SITES
- 79 CSBA: <http://www.csba.org>
- 80 California Office of the Attorney General, charitable trust registry:
- 81 <http://caag.state.ca.us/charities>
- 82 California State PTA: <http://www.capta.org>
- 83 (9/90 12/90) 7/07
- 84
- 85 Adopted: 07/09/91
- 86 Revised: 03/25/14

1 School-Connected Organizations

2

3 The Governing Board recognizes that parents/guardians may wish to organize
4 clubs for the purpose of supporting the educational program and/or
5 extracurricular programs such as athletic teams, debate teams, and musical
6 groups. The Governing Board supports such activities and welcomes parental
7 interest and participation. Functions such as fundraising and banquets are
8 encouraged, supported, and greatly appreciated by the District.

9

10 The Board requires parent/booster clubs and foundations to have a written
11 statement of purpose and bylaws and separate tax identification numbers so that
12 they may function as organizations independent of the school or the District. In
13 order to protect the District and students, the Superintendent or designee shall
14 establish appropriate controls for the relationship between such organizations
15 and the District.

16

17 In order to fulfill the requirement of Education Code 51521, groups desiring to
18 raise money to benefit a student or students at any District shall request
19 authorization from the Governing Board.

20

21 The request for authorization shall contain:

22

- 23 1. The name of the organization.
- 24
- 25 2. The date of application.
- 26
- 27 3. Membership quotas or qualifications.
- 28
- 29 4. The names, addresses and phone numbers of all the officers.
- 30
- 31 5. A brief description of the organization's purpose.
- 32
- 33 6. A list of specific annual objectives.
- 34
- 35 7. The name of the bank where the group's account will be located and the
36 names of those authorized to withdraw funds.
- 37
- 38 8. The signature of a site administrator who supports the request for
39 authorization.
- 40
- 41 9. Desired use for any money remaining at the end of the year if the
42 organization is not continued or authorized to continue in the future.
- 43
- 44 10. Authorizations granted under this policy shall be valid for up to one year
45 but may be revoked by the Superintendent or designee if considered
46 necessary. Requests for subsequent authorization will be presented to the

1 Governing Board annually, together with an annual financial statement
2 showing all expenditures and income from fundraisers.

3
4 Groups operating under this authorization automatically grant the Governing
5 Board the right to audit their financial records at any time, either by District
6 personnel or by a certified public accountant.

7
8 Any programs, fundraisers or other activities sponsored by Booster Clubs shall
9 be authorized and conducted according to Board Policy, Administrative
10 Regulations and the rules of the sponsoring school. Booster clubs shall be
11 especially careful not to seek advantages for the activities they support if those
12 advantages might be detrimental to the entire school program.

13
14 Booster Clubs are prohibited from paying individuals directly, providing funds to
15 enhance the compensation of any extra-duty positions, or providing funds to
16 increase the coaching allocations to athletic programs governed by CIF. Booster
17 clubs may make donations to cover the cost of additional employees to support
18 non-athletic programs, such as band, drill team, and so forth. Any such
19 employees must be hired by the District and adhere to standard employment
20 policies. Individuals may volunteer their services to support extra-curricular
21 activities at no compensation, providing all District volunteer requirements are
22 met such as fingerprint clearance.

23 24 **Solicitation of Funds From and By Students**

25
26 The Governing Board recognizes that student participation in fundraising
27 activities for the schools and nonprofit, nonpartisan charitable organizations can
28 help develop a sense of social responsibility in students, enhance the
29 relationship between the school and community, and contribute to the
30 improvement of the school program.

31
32 Whether solicitations are made on behalf of the school or on behalf of a
33 charitable organization, students shall not be barred from an event or activity
34 because they did not participate in fundraising. Potential donors, including
35 parents/guardians and members of the community, should not be unduly
36 pressured to contribute to the school system or charitable organizations. Staff is
37 expected to emphasize the fact that donations are always voluntary.

38
39 The Principal or designee shall ensure that parents/guardians are informed of the
40 purpose of fundraisers.

41
42 The Principal or designee shall approve all fundraising activities at least 15 days
43 before the activity. If the event involves a contract with a commercial vendor, the
44 Principal or designee shall approve the contract.

45
46 In order to minimize interruptions to the educational program, staff shall limit

1 fundraising activities to appropriate time periods designated by the Principal.

2

3 No student shall be required to raise a specified amount of money in order to
4 participate in an activity sponsored by a school-related organization.

5

6 Students engaged in fundraising activities on behalf of the school or for school-
7 related projects are expected to be courteous and respectful towards all
8 individuals and businesses.

9

10 **Solicitations on Behalf of the School**

11

12 With the prior written approval of the Principal or designee, official school-related
13 organizations may organize fundraising events involving students.

14

15 **Solicitations on Behalf of Charities**

16

17 When approved in advance by the Principal or designee, nonprofit, nonpartisan
18 organizations that are properly chartered or licensed by state or federal law may
19 solicit students on school grounds during school hours and within one hour
20 before school has opened and one hour after school has closed. (Education
21 Code 51520)

22

23 **Advertising and Promotion**

24

25 The Governing Board desires to promote positive relationships between schools
26 and the community in order to enhance community support and involvement in
27 District schools. The principal or designee may approve:

28

29 1. Distribution of non-commercial materials that publicize services,
30 special events, public meetings or other items of interest to students or
31 parents/guardians.

32

33 2. Distribution of promotional materials of a commercial nature to
34 students or parents/guardians.

35

36 3. Paid advertisements on school property, including but not limited to
37 billboard advertisements.

38

39 4. Paid advertisements in school-sponsored publications, yearbooks,
40 announcements and other school communications.

41

42 5. Products and materials donated by commercial enterprises for use in
43 the classroom, as long as they serve an educational purpose and do
44 not unduly promote any commercial activity or products. Such
45 materials may bear the name and/or logo of the donor.

46

1 Prior to distribution, the Principal or designee shall review and approve all
2 advertising copy and promotional materials to ensure compliance with Board
3 policy.

4

5 The Principal or designee may selectively approve or disapprove distribution of
6 materials or publishing of copy based on criteria listed below, but may not
7 disapprove materials or copy in an arbitrary or capricious manner or in a way that
8 discriminates against a particular viewpoint on a subject that would otherwise be
9 allowed.

10

11 All materials to be distributed shall bear the name and contact information of the
12 sponsoring entity.

13

14 The use of promotional materials or advertisements does not imply the District's
15 endorsement of any identified products or services. Schools are encouraged to
16 include a disclaimer in school publications and yearbooks stating that the school
17 does not endorse any advertised products or services.

18

19 **Criteria for Approval**

20

21 The Principal or designee shall not accept for distribution any materials or
22 advertisements that:

23

- 24 1. Are obscene, libelous or slanderous (Education Code 48907).
- 25
- 26 2. Incite students to commit unlawful acts, violate school rules or disrupt
27 the orderly operation of the schools (Education Code 48907).
- 28
- 29 3. Promote any particular political interest, candidate, party or ballot
30 measure, unless such materials are being distributed at a forum in
31 which candidates or advocates from all sides are presenting their views
32 to the students during school hours or during events scheduled
33 pursuant to the Civic Center Act.
- 34
- 35 4. Discriminate against, attack or denigrate any group on account of any
36 unlawful consideration.
- 37
- 38 5. Promote the use or sale of materials or services that are illegal or
39 inconsistent with school objectives, including but not limited to
40 materials or advertisements for tobacco, intoxicants, and movies or
41 products unsuitable for children.
- 42
- 43 6. Solicit funds or services for an organization, with the exception of
44 solicitations authorized in Board policy.
- 45
- 46 7. Distribute unsolicited merchandise for which an ensuing payment is

1 requested.

2

3 The Principal or designee may consider the educational value of the materials or
4 advertisements, the age or maturity of students in the intended audience, and
5 whether the materials or advertisements support the basic educational mission of
6 the District, directly benefit the students or are of intrinsic value to the students or
7 their parents/guardians.

8

9 Schools may establish additional criteria pertaining to the content of
10 advertisements in school publications and yearbooks. Such criteria may limit
11 advertisements to those that contain congratulatory or commemorative
12 messages, curriculum-related content, advertisements for products or services of
13 interest to students, noncontroversial content, and/or other content deemed
14 appropriate by the school publication staff and advisor in accordance with current
15 laws and Governing Board policies.

16

17 **Fraud Prevention and Investigation**

18

19 The Governing Board expects all employees, Board members, consultants,
20 vendors, contractors and other parties maintaining a business relationship with
21 the Schools and the District to act with integrity and due diligence in duties
22 involving the District’s fiscal resources.

23

24 The Superintendent or designee shall be responsible for developing internal
25 controls which aid in the prevention and detection of fraud, financial impropriety
26 or irregularity associated with Student body organization funds. Each member of
27 the management team shall be alert for any indication of fraud, financial
28 impropriety or irregularity within his/her area of responsibility.

29

30 An employee who suspects fraud, impropriety or irregularity shall immediately
31 report those suspicions to his/her immediate supervisor and/or the
32 Superintendent or designee. The Superintendent or designee shall have primary
33 responsibility for any necessary investigations, in coordination with legal counsel
34 and other internal or external departments and agencies as appropriate.

35

36 Fraud, financial improprieties or irregularities include but are not limited to:

37

- 38 1. Forgery or unauthorized alteration of any document or account
- 39 belonging to the School or District.
- 40
- 41 2. Forgery or unauthorized alteration of a check, bank draft of any other
- 42 financial document.
- 43
- 44 3. Misappropriation of funds, securities, supplies or other assets.
- 45
- 46 4. Impropriety in the handling of money or reporting of financial

- 1 transactions.
- 2
- 3 5. Profiteering as a result of insider knowledge of Schools or District
- 4 information or activities.
- 5
- 6 6. Disclosing confidential and/or proprietary information to outside parties.
- 7
- 8 7. Disclosing investment activities engaged in or contemplated by the
- 9 Schools or District.
- 10
- 11 8. Accepting or seeking anything of material value from contractors,
- 12 vendors or persons providing services or materials to the Schools or
- 13 District.
- 14
- 15 9. Destruction, removal or inappropriate use of records, furniture,
- 16 fixtures or equipment belonging to the Schools or District.
- 17
- 18 10. Failing to provide financial records to authorized state or local entities.
- 19
- 20 11. Any other dishonest or fraudulent act.

21

22 The Superintendent or designee shall investigate reports of fraudulent activity in
 23 a manner that protects the confidentiality of the parties and the facts. All
 24 employees involved in the investigation shall be advised to keep information
 25 about the investigation confidential.

26

27 If an investigation substantiates the occurrence of a fraudulent activity, the
 28 Superintendent or designee shall issue a report to appropriate personnel and to
 29 the Governing Board. The final disposition of the matter and any decision to file
 30 a criminal complaint or refer the matter to the appropriate law enforcement and/or
 31 regulatory agency for independent investigation shall be made in consultation
 32 with legal counsel. The result of the investigation shall not be disclosed to or
 33 discussed with anyone other than those individuals with a legitimate need to
 34 know.

35

36 **Legal Reference:**

37

38 **EDUCATION CODE**

- 39 14500 - 14508 Financial and compliance audits
- 40 35035 Powers and duties of superintendent
- 41 35250 Duty to keep certain records and reports
- 42 41010 - 41023 Accounting regulations, budget controls and audits
- 43 41020 Requirement for annual audit
- 44 42600 - 42604 Control of expenditures
- 45 42647 Drawing of warrants by district on county treasurer; form; reports,
- 46 statements and other data.

- 1 48930 - 48938 Student body organization
- 2 51521 Fundraising projects
- 3 51520 Prohibited solicitations on school premises
- 4 51521 Unlawful solicitations of contribution or purchase of personal property for
- 5 benefit of public school or Student body; exception
- 6
- 7 **BUSINESS AND PROFESSIONS CODE**
- 8 17510 - 17510.95 Charitable solicitations
- 9 25664 Advertisements
- 10 35160 Authority of governing boards
- 11 35160.1 Broad authority of school districts
- 12 35172 Promotional activities
- 13 38130-38138 Civic Center Act
- 14 48907 Student exercise of free expression
- 15 7050-7058 Political activities of school officers and employees
- 16
- 17 **CODE OF REGULATIONS, TITLE 8**
- 18 11706 Dangerous activities and occupations
- 19
- 20 **GOVERNMENT CODE**
- 21 53995-53997 Obligation of contract
- 22
- 23 **PENAL CODE**
- 24 319-329 Raffles
- 25
- 26 **REVENUE AND TAX CODE**
- 27 6361 Sales tax exemption for certain sales
- 28
- 29 **U.S. CONSTITUTION**
- 30 Amendment 1, Freedom of speech and expression
- 31
- 32 Policy Adopted: 4/24/62 Revised: 12/27/83
- 33 First Reading Revision: 6/14/11

Chapter 20

Chapter 20 – Booster Clubs, Foundations, Auxiliary Organizations and Other Parent-Teacher Associations

Booster clubs, foundations, auxiliary organizations and other parent-teacher organizations are formed to contribute money to a club, sports team or other organization. For simplicity this manual will use the term “booster clubs” to refer to any of these types of organizations.

Booster clubs are popular in American high schools, community colleges and universities, and are usually run in high schools by the parents of students in the organization being supported, and in colleges by supporters and fans of athletic programs. Fund-raisers are often held to raise money for supplies or equipment that the students may need or for trips that the students may need to take. The main principle of funding by a U.S. IRS 501(c)(3) nonprofit is that the booster club may not discriminate in making grants to youth or college students on the basis of their family’s membership in or funding to the club, or the family’s fund-raising or time put into club activities.

Booster clubs are organized with many purposes in mind. One of the largest and most well-known booster clubs is the National Parent Teacher Association (PTA). Other booster clubs are organized to help with special interests or for school activities such as football, or to assist in buying school supplies, or support other sports programs, the arts, and field trips. Booster clubs and other school-related organizations or groups (all of which will be referred to as booster clubs in this chapter) are separate organizations from a school district.

In general, booster clubs provide financial support and/or direct assistance in some form to help achieve the common goals of booster and school programs. Booster clubs have many purposes and are not limited to the following examples:

- Assisting others:
 - Assisting a site administrator, faculty advisor, sports coach, and other district staff in performing parts of activities.
 - Assisting students through scholarships.
 - Purchasing supplies for the school.
 - Assisting with funds for field trip travel.
- Specific activities connected to students, parents and adults:
 - Sports programs
 - Field trips
 - Performing arts
 - Language programs

The relationship between student organizations and booster clubs is often confusing. Student organizations are legally considered a part of the school entity. For this reason, they are included in the school entity’s annual audit and have the benefit of the district’s tax-exempt status under the internal revenue code.

Booster clubs may raise funds and donate those funds to the district or purchase items with their funds for donation or assistance to the district, but they are not legally considered a part of the district and are not included in the annual audit. Some organizations, such as the PTA, are established as nonprofit corporations with a separate tax-exempt status. However, many of booster organizations have not applied for or received nonprofit status and do not have their own tax identification number, so it should not be assumed that they are all official groups in the eyes of the Internal Revenue Service (IRS).

Booster club funds and district funds, including ASB funds, must *never* be commingled. Booster clubs and the school entity should remain separate, including in the following ways:

1. The booster club name, address or any other correspondence should never imply any form of responsibility on the part of the ASB or district.
2. The district's tax-exempt status and identification number are *not* for use by any non-school organizations or groups.
3. Booster clubs are responsible for their own tax status and accounting.

Because student organizations operate under the school entity's tax-exempt status, the funds deposited in bank accounts are not subject to state or federal taxes. For this reason, the funds raised by booster clubs, foundations, auxiliary organizations or parent groups should not be deposited into or commingled with the student organization's or the school entity's funds or bank accounts; rather, they should be deposited into the booster club's own bank account. Booster clubs may donate funds to the student organization(s); however, after they do so, only the student organizations can control how the funds will be used.

These nonstudent groups are also responsible for their own tax status and accounting; they may not use the district's tax-exempt status or open bank accounts using the district's tax identification number. It is best if school staff members do not act as officers of nonstudent or non-district-sponsored clubs to avoid the appearance of district sponsorship.

Organizations formed by teachers and/or other employees of a school entity also are not a part of the ASB or the district and may not use the district's tax identification number or deposit funds into the school's ASB account or district bank accounts.

Auxiliary Organization versus Student Organization at Community Colleges

If a student group at a community college is formed differently than described in the education code sections and is instead an auxiliary organization, different rules and guidelines apply, beginning with Education Code section 72673. These auxiliary organizations could be compared to parent or booster groups at K-12 schools, except that community college auxiliary groups are usually made up of adult students, whereas booster and groups at K-12 schools are made up of adults who are usually the students' parents or relatives.

Although they are different from student organizations, community college auxiliary organizations must follow the rules and regulations established by the community college's governing board, as there is an official relationship with the college. Governing board approval is needed to use the college's name in the auxiliary organization's title.

Community college district governing boards may establish an auxiliary organization to provide support services and special programs for the general benefit of its college or colleges. This can be compared to a foundation being formed at a K-12 district to support district programs. An auxiliary organization is separate from the college, unlike a student organization, yet a connection exists because the directors, governors and/or trustees of the organization are appointed or nominated by the college governing board, a district official or a student body or faculty member.

An auxiliary organization can include the following types of groups:

- Any entity that operates a commercial service for the benefit of a community college or district on a campus or other property of the district.
- Any entity whose purpose is to promote or assist a community college or district, or to receive gifts, property and funds to be used for the benefit of the community college or district or any person or organization having an official relationship therewith.
- Any entity that is designated as an auxiliary organization by the district's governing board.

Regulations Governing Booster Clubs

Because booster clubs are separate from the district, they are not under the control of, nor are they the responsibility of, the site administrator, superintendent or governing board. Their funds are not controlled by the district or students, nor should they be involved in the administering or supervising the activities of student organizations.

However, governing boards are able to approve guidelines for these groups to follow, and these organizations' fund-raising activities are supposed to be approved by the governing board. California Education Code section 51521 requires that all organizations that conduct fund-raising to benefit clubs, schools, students or the district at the K-12 level have prior approval from the school district's governing board or the board-assigned designee. The code states the following:

No person shall solicit any other person to contribute to any fund or to purchase any item of personal property, upon the representation that the money received is to be used wholly or in part for the benefit of any public school or the student body of any public school, unless such person obtains the prior written approval of either the governing board of the school district in which such solicitation is to be made or the governing board of the school district having jurisdiction over the school or student body represented to be benefited by such solicitation, or the designee of either of such boards.

To meet this statutory requirement, a school district or community college should adopt board policy and regulations requiring all booster clubs to do the following:

1. Complete and file an application to form a booster club.
2. Submit for approval annually a copy of the application and an updated plan of activities.
3. Submit a copy of the organization's adopted constitution and bylaws with the application.
4. Ensure that renewal applications include the following:
 - a. An annual financial statement for the year just ended; the statement is to include all expenditures and all income for all events and fund-raisers.
 - b. A budget for the upcoming year.
 - c. A budget plan for the related activities.

Other recommended rules and regulations are as follows:

- The district has the express right to review and/or audit booster clubs' financial statements to ensure the clubs' financial integrity.
- Authorization of a booster club is valid for up to one year; however, if the superintendent/chancellor considers it necessary, he or she may revoke a booster club's authorization to conduct activities in the district.
- Requests for subsequent authorizations should be presented to the superintendent/chancellor or designee annually.
- Booster clubs are not legal components of the school entity. Each booster club should have its own tax identification number (TIN); booster clubs are not allowed to use the school entity's tax identification number in any way.
- Booster clubs are responsible for their own tax status, accounting and financial records, and must make their own arrangements for an audit if one is needed. The booster club is not audited as part of the district's annual financial audit.

- District or school site officials may require booster clubs to be officially recognized as tax-exempt organizations under internal revenue code section 501(c)(3) and may require them to provide a copy of their determination letter or certificate of nonprofit status (exempt status is discussed further below).
- Booster club funds should never be commingled with ASB funds or any other district funds.
- The booster club must carry its own liability insurance in an amount equal to or exceeding a minimum determined by the school entity.
- California Education Code section 51520 (discussed below) applies in the case of booster clubs at K-12 districts that wish to have student help with activities.
- Booster clubs' ability to use school facilities at K-12 districts is regulated by California Education Code 38130-38139, known as the Civic Center Act.
- Booster clubs must prepare and adopt a constitution and bylaws.
- Booster club officers should be elected according to the structure and process defined in the bylaws.
- It is suggested that K-12 school district personnel not hold any official position in a booster club organization. For community colleges, Education Code section 72673 states that the directors, governors and/or trustees of the organization are appointed or nominated by the college governing board, a district official or a student body or faculty member.
- Fund-raising at any school site is directly under the control of school authorities, such as the site administrator, and must be approved by at least the site administrator prior to any activity. Approval may be granted based on completion of some type of application or form, sometimes referred to as a "Request for Approval of Fund-Raising Activity by a Non-District Organization" form.
- Districtwide projects or fund-raising, such as collection drives, must be submitted in writing and authorized in advance by the district's governing board at a regular board meeting.
- Any rules and regulations developed for the organization must conform to the law, the board of education's policies and regulations, and the school site's rules and procedures.
- All booster club members must be made aware that no individual should personally benefit from the activities the organization conducts. This concept should be made a part of the bylaws.
- Any profits from fund-raising activities that are not spent for a booster club's nonprofit exempt purpose cannot be returned directly to members or their families.
- In case the booster club dissolves or terminates, the booster club's constitution should provide for the distribution of any excess funds to another nonprofit organization, the ASB or the district.

All other booster club activities are outside the control of the district and its governing board.

Should a booster club decide to operate a bingo or raffle activity, California Penal Code Sections 326.5 and 320.5 regulate these events. These regulations are enforced by the licensing agency of each county.

Booster Clubs as Nonprofit Organizations With Their Own Tax Identification Number

Booster clubs are not legal components of the school district and each club must have its own tax identification number (TIN). There are several ways to approach being tax exempt, having a TIN, or choosing whether or not to accept donations. The recommended approach is for all booster clubs to apply for nonprofit tax-exempt status through the Internal Revenue Service (IRS) and state of California. Preparing constitutions, by-laws, articles of incorporation, budgets and projections are already part of the process of obtaining school entity approval. Taking the next step and completing the federal and state forms is not much more difficult.

IRS Form SS-4, Application for Employer Identification Number, may be submitted over the telephone after it is filled out. Regardless of whether it intends to file for nonprofit status, a booster club that will receive \$5,000 or more in annual revenues or gross receipts is required to file IRS Form 1023, "Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code,"

Likewise, if the booster club wishes to specify contributions as tax-deductible, the most direct path to doing so is through Form 1023, which upon approval will result in the IRS issuing a determination letter that recognizes the booster club's 501(c)(3) nonprofit, tax-exempt status. Booster clubs cannot legally furnish donors with receipts for a charitable tax deductible donation unless they have obtained this type of official determination letter from the IRS.

California nonprofit, tax-exempt status is similar and requires the completion of Form 3500, Exemption Application.

Forms are available on the IRS and California Franchise Tax Board Web sites at www.irs.gov and <http://ftb.ca.gov>.

Financial Guidelines

Booster clubs are responsible for ensuring that proper internal controls exist for all of their financial activities. In accordance with its bylaws, each booster club should elect a treasurer who is assigned responsibility for recording, documenting and organizing all financial activities.

As do ASBs that exercise the best practices contained in this guide, booster clubs should adhere to sound business practices and maintain an adequate system of controls. These include, but are not limited to, the following:

Financial statements and treasury (See Chapter 7)

- The treasurer or designated officer should prepare monthly financial statements that are presented to the organization along with a copy of the most current bank statement and reconciliation. Financial statements may include cash receipts, cash disbursements, checking account beginning and ending balances, balance sheets, income statements and other relevant items.
- A budget should be developed at the beginning of the year to project expected revenues and expenses, and should be revised as needed.
- An auditor who is independent of the treasurer should be appointed and should report directly to the booster club board. The auditor should review all of the financial records, journals, check registers, receipts, invoices, bank statements, and other financial information at least annually.

Cash receipts and bank reconciliation (See Chapters 7 & 13)

- Prenumbered receipt books and supporting backup documentation.
- Preparation of duplicate deposit, cash count and fund-raising forms.

- Bank deposits should be made intact and in a timely manner.
- Someone other than the individual(s) responsible for depositing funds and writing checks should perform bank reconciliations monthly.

Cash disbursements (See Chapter 18)

- Checks should require a minimum of two signatures.
- Preparation of duplicate forms such as purchase orders.
- All expenditures should be approved by the booster board and the approval noted in the board meeting minutes.

Fund-raising activities should be conducted for a specific goal and not simply to raise money for the organization. All fund-raising activities conducted on school premises must adhere to the guidelines established by the board of education, each school site's individual guidelines, and those noted in Chapter 8.

Only organizations that have scheduled fund-raising activities and have obtained prior written approval from the ASB council and school site administrator will be authorized to conduct such activities on district or school premises.

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.

California Education Code section 51521, also for K-12 school entities, discusses solicitations on behalf of a school.

Ultimately, the K-12 school district's superintendent and governing board have complete authority over whether any such activity occurs on school district property. Thus, obtaining written permission for any such activities is of primary importance. The following are general criteria for obtaining permission.

- The purposes of the fund-raising activity, which must be nonpartisan, nonpolitical, nonsectarian, and nondenominational.
- The manner in which the fund-raising activity will be conducted (for example, demands made on staff time and district materials must be minimal, and the activity must not encroach on instructional time).
- Identification of the sponsors, officers and individuals participating in the fund-raising activity.
- Disclosure of the identity and location of any parent organization with which the soliciting organization is affiliated or of which it is a subsidiary.

School District Employees and School Site Interaction

School employees are not employees of the booster club, and the booster club should be aware of the following:

- While serving as district employees, they have no authority to work for the booster club during their district work schedule. A district employee acting in his or her official capacity and during work hours may interact with booster club officials when this is a required part of his or her duties as a district employee.
- If a district employee would like to be employed by the booster club, the employee must obtain prior approval from the district's personnel department.
- Some districts that have permitted a district employee to also be employed by a booster club may require that the employee be paid through the district, with the district being reimbursed in turn by the booster club. The district may also require that any employee chosen to work for a booster club be hired and cleared for work through the district's personnel office.
- A district employee who acts in their personal capacity and on their own personal time is free to establish a booster club or to participate in it. The employee must ensure that participation in the booster club does not present a conflict of interest with their duties as a school employee. The employee should also make it clear that their participation is in their personal capacity and not in their capacity as a district employee.

Donations for Supplies, Equipment and Transportation

Booster clubs by nature are designed to assist the school and/or ASB, and such assistance may come in the form of donations of supplies, equipment and transportation.

Supplies

When a booster club wishes to give the ASB or one of its clubs money for supplies, the district should purchase the supplies and the booster club should reimburse the district. The purchase should be carried out through the district's purchasing system by a district-designated individual who is authorized to spend the funds, with the site administrator's approval. The purchase should be charged to a school account code, and the purchase requisition should contain the following information in bold:

- **PAID BY:**
- **Booster club name**
- **Person responsible for booster club**
- **Billing address**

The purchase should be charged to the school account code on the requisition at the time of payment, and the district office should bill the booster club for the cost of the supplies purchased.

Donations for Equipment Purchases

When a booster club wishes to donate equipment to a school, the preferred method for the transaction is the same as noted above for donation of supplies. Also as above, with the approval of the site administrator, the district-designated individual authorized to spend the funds purchases the equipment through the district's purchasing system. The purchase should be charged to a school account code, and the purchase requisition should contain the following information in bold:

- **PAID BY:**
- **Booster club name**
- **Person responsible for booster club**
- **Billing address**

The purchase should be charged to the school account code on the requisition at the time of payment, and the district office should bill the booster club for the cost of the equipment purchased.

If the booster club wishes to purchase equipment outright and donate it to a school, the process is different. The booster club should notify the site administrator and the purchasing department before the equipment is ordered. Then, at a regular board meeting, the district's governing board must accept the equipment as a donation to the district.

Donations for Transportation/Field Trips

A booster club may donate funds to the ASB or the district for transporting students to events. A field trip request form must be completed in conjunction with the ASB and school site, then sent to the district's transportation department. The request form should contain the following information in bold:

- PAID BY:
- Booster club name
- Person responsible for booster club
- Billing address

The transportation cost should be charged to the school account code on the requisition at the time of payment, and the district office should bill the booster club for the cost of the transportation.

Paying Stipends, Salaries and Consultants

Paying Stipends and Salaries:

A booster club may *not* pay *any* employee of the school district an additional stipend or salary without prior approval from the district's business and/or personnel office. If the booster club wishes to supplement the school with additional personnel please refer to the section titled "School District Employees and School Site Interaction" earlier in this chapter.

Consultants

Consultants are sometimes hired in the ordinary course of business to assist with various projects as needed. Consultants are not employees; they should have their own insurance and should meet all of the qualifications to be considered a consultant. Booster clubs should be aware of the regulations that must be followed when communicating with the ASB on this topic. Chapter 17 discusses this topic at length.