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# **Palm Springs Unified School District**

## **School-Connected Organizations Informational Packet Compliance with Board Policy 1230**

**Updated August 2024**

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Jeff Simmons, Assistant Superintendent, Business Services

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# Purpose and Relationship to the District

SCO's make a big impact on our schools.

## Separate Entity

Never give the impression that a SCO is a school or school district organization. The SCO name, address, or any other correspondence shall not imply any form of responsibility on an ASB/USB or the Palm Springs Unified District.

## Importance of SCO

Connects parents and community with extra-curricular and co-curricular activities of schools. Parent involvement is critical .

## School Connected Organizations (SCO)

Parents and teachers can make a big impact with the formation of a PTO, PTA, PTG, etc.

## Funding and Fundraising

Never co-mingle with ASB/USB. The ASB clerk shall never be responsible for SCO funds. Fundraising can be conducted one hour before school and one hour after school (EC 51520). Fundraisers must have ASB for HS/school/principal approval.

## Taxes

An SCO is responsible for its own tax status. Must establish its own tax ID number and cannot use the school's or district's ID#. Must submit tax info to IRS **Every Year** or face penalties.

# Regulations Governing SCOs

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- ▶ California Education Code 51521 requires that all organizations that conduct fundraisers to benefit students, ASB/USB clubs, schools, or the District as a whole, must have prior approval from the Palm Springs Unified School District Governing Board, or the Board assigned designee.
  - The deadline for submitting paperwork to the Business Services Office (Attn.: Kris Murphy) is September 30 each year.

# Regulations Governing SCOs (continued)

- ▶ Complete and submit the following *Annual Organization Approval Form...*

**Annual Organization Approval Form, 2022-2023**



Board Policy 1230 requires that all groups desiring to be recognized as school connected organizations request authorization from the Board. The following questionnaire addresses each of the required components of the Board Policy, as well as allows the District to comply with the requirements of Governmental Accounting Standards Board (GASB/USB) Statement Number 39.

This report is for the previous fiscal year (July 1 through June 30) and is due to the Assistant Superintendent of Business Services by September 30 each year.

Date of Application for Approval: \_\_\_\_\_

Name of Organization: \_\_\_\_\_

Tax Identification Number (TIN): \_\_\_\_\_

**Attach a copy of Determination Letter or a copy of Application for Determination.**

1.) Provide the name, address, phone number, email and title of all officers.

Name: _____	Name: _____
Address: _____	Address: _____
Phone Number: _____	Phone Number: _____
Email: _____	Email: _____
Title: _____	Title: _____

Name: _____	Name: _____
Address: _____	Address: _____
Phone Number: _____	Phone Number: _____
Email: _____	Email: _____
Title: _____	Title: _____

2.) A brief description of the organization's purpose, including any membership qualifications or quotas.

3.) A list of specific annual objectives.

4.) Indicate the desired use for any money remaining at the end of the year if the organization is not continued or not authorized to continue in the future.

5.) Provide the following financial information for the past fiscal year (July 1 to June 30):

(A) Beginning Bank Balance (July 1)	_____
(B) Total Receipts for the year (July 1-June 30)	_____
(C) Total Expenditures for the year (July 1-June 30)	_____
(D) Ending Bank Balance (June 30) (should=A+B-C)	_____

6.) (a) The name and address of the bank where the organization's account is located.

\_\_\_\_\_

\_\_\_\_\_

(b) The names of those authorized to withdraw funds.

\_\_\_\_\_

\_\_\_\_\_

7.) Provide a copy of evidence of liability insurance.

8.) Obtain signature of a site administrator who supports the request for approval, (Principal, Vice Principal or Assistant Principal) and signature of the school-connected organization President or Treasurer.

_____	_____	_____
Site Administrator Signature	Title	Date

Submitted by:

_____	_____	_____
President/Treasurer Signature	Title	Date
School-Connected Organization		

# Regulations Governing SCOs (continued)

Along with the Annual Organizational Approval Form

**1. SCO Constitution**  
Name and purpose of the SCO.

**2. SCO Constitution**  
Names of officers with positions and duties of each position as well as their term limits.

**3. SCO Constitution**  
Membership information.

**4. SCO Constitution**  
Method of amending, such as by whom, what percent of members, and/or ballot..

**5. SCO Constitution**  
Method of adoptions or ratification of the constitution and any subsequent amendments.

**6. SCO Bylaws**  
Duties and power of the executive board or officers.

**7. SCO Bylaws**  
The composition and membership of committees.

**8. SCO Bylaws**  
Elections, successions, and qualifications for office.

**9. SCO Bylaws**  
Statement of internal controls, authorization of financial activities, and preapproval authority.

**10. SCO Bylaws**  
Meeting schedule with time, frequency, and quorum along with meeting procedures.

# Statement of Understanding

SCOs must also submit to the Business Services Office

## Audit

The district has the right to review and/or audit SCO's financial statement.

## Revocation

If the Superintendent deems necessary, he may revoke the SCO's authorization to conduct activities in the district.

## Tax ID

The SCO acknowledges it must have its own tax identification number (TIN).

## 501 (c) (3)

The SCO must be officially recognized as a tax-exempt organization under the IRS code section 501 (c) (3).

## School Agent

The SCO is not authorized to act as an agent of the school or district.

## Personal Gain

No individual will personally financially benefit from the activities the SCO conducts.

## Regulations Governing SCOs (continued)

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- ▶ Each SCO must obtain a “Determination Letter” from the IRS recognizing the club as a qualified, tax exempt 501(c)(3) organization.
- ▶ Official IRS information on this topic may be found at:

<https://www.irs.gov/charities-non-profits/other-non-profits/exempt-organizations-private-letter-rulings-and-determination-letters-1>

## Regulations Governing SCOs (continued)

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- ▶ Palm Springs Unified School District employees **shall not** hold any official position in a SCO at the same school where they are employed.
- ▶ **They can be members of a SCO, but not officers.**
- ▶ Any rules and regulations developed for the organization must conform to statutory laws, Board of Education policies and regulations, and school site rules and procedures.

# Financial and Fundraising Guidelines

**Pre-numbered receipt books should be used.**

**Bank deposits made intact and in timely manner.**

**Never use cash for any purchases. All expenses shall be approved and noted in minutes of SCO.**

**Appoint an auditor, independent of the treasurer to review all records, receipts, invoices, etc.**

**Treasurer or officer shall prepare monthly financial statements.**

**Bank reconciliations monthly by someone without deposit or check-writing duties.**

**Checks require two authorized signatures and should not be signed in advance.**

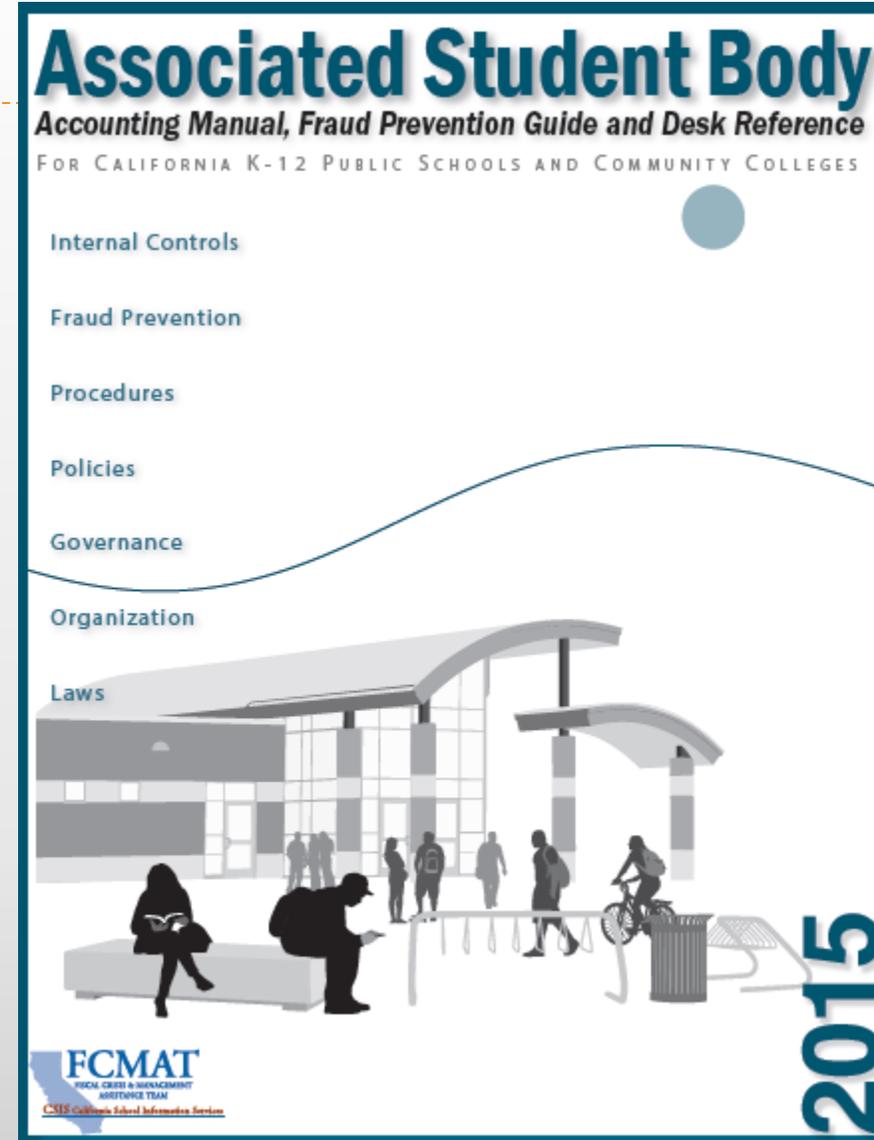
**Fundraising activities shall be done for a specific purpose and not simply to raise money for SCO.**

**Only SCO's that have prior approval from ASB or site Principal may schedule and conduct fundraisers.**

**ASBs/USBs have no authority over SCOs, and vice versa**

All fundraising activities conducted on school premises shall adhere to the guidelines for fundraising activities established by the Board of Education, each school site's individual guidelines, and those noted in the Associated Student Body Accounting Manual & Desk Reference 2015, prepared by the Fiscal Crisis Management Assistance Team (FCMAT).

*Copies of this book and accompanying forms are also available for download at: [www.fcmat.org](http://www.fcmat.org).*



# Insurance Requirements

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- ▶ The Palm Springs Unified School District requires every SCO to have a \$1,000,000 comprehensive general liability insurance policy in order to conduct business with District schools.
- ▶ **PTA/No PTA**
  - ▶ If your organization is a recognized PTA (Parent Teacher Association) affiliated chapter, evidence of that status will be sufficient to meet the District's insurance requirements.
  - ▶ If your organization is not a recognized PTA, proof of insurance must be provided from your broker/insurer in the form of a certificate of insurance and endorsement with the District named as additional insured.

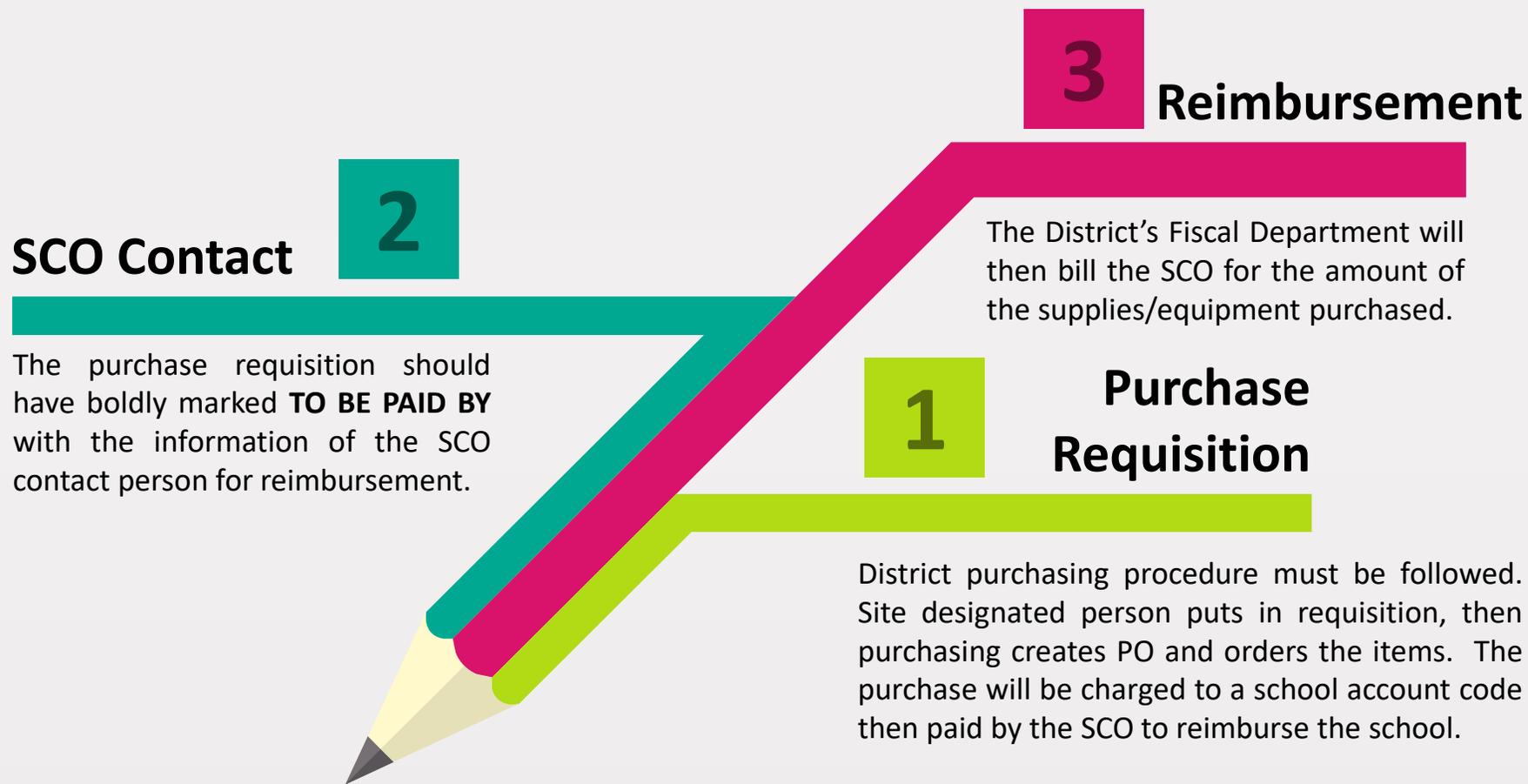
Tony Carrillo, Director, Fiscal Services- PSUSD

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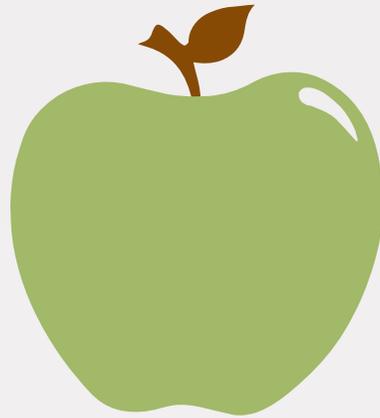
# SCO Donations of Supplies and/or Equipment



**Note: The first step in donating equipment is to work with the Purchasing Department to determine valuation.**



# Donations for Transportation/Field Trips



1

## Authorization

The Field Trip Authorization Form must be completed in conjunction with the site and must include SCO officer and address for billing.



2

## Preparation

Work with Nutrition Services and teachers on students attending and any special needs.



3

## Payment

The transportation costs will be charged to the school then the District Fiscal Services team will bill the SCO for the amount of the transportation costs.

**Do not assume transportation is an “automatic”. Field trip forms must be turned in and approved.**

## Hiring Request by Booster Clubs Procedures

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- ▶ The District does not allow SCOs to hire staff directly to perform services for the District.
- ▶ Therefore, a SCO may not pay any employee of the District an additional stipend without prior approval of the Palm Springs Unified School District.
- ▶ If the SCO wishes to enhance the extracurricular experience for students with additional personnel, specific hiring procedures must be followed.

## Hiring Request by Booster Clubs Procedures (continued)

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- ▶ If a SCO wishes to pay for extracurricular services, the person to provide the services must be hired through the Human Resources Department of the District.
- ▶ The SCO will then be required to reimburse the District for the expense using the following procedure:

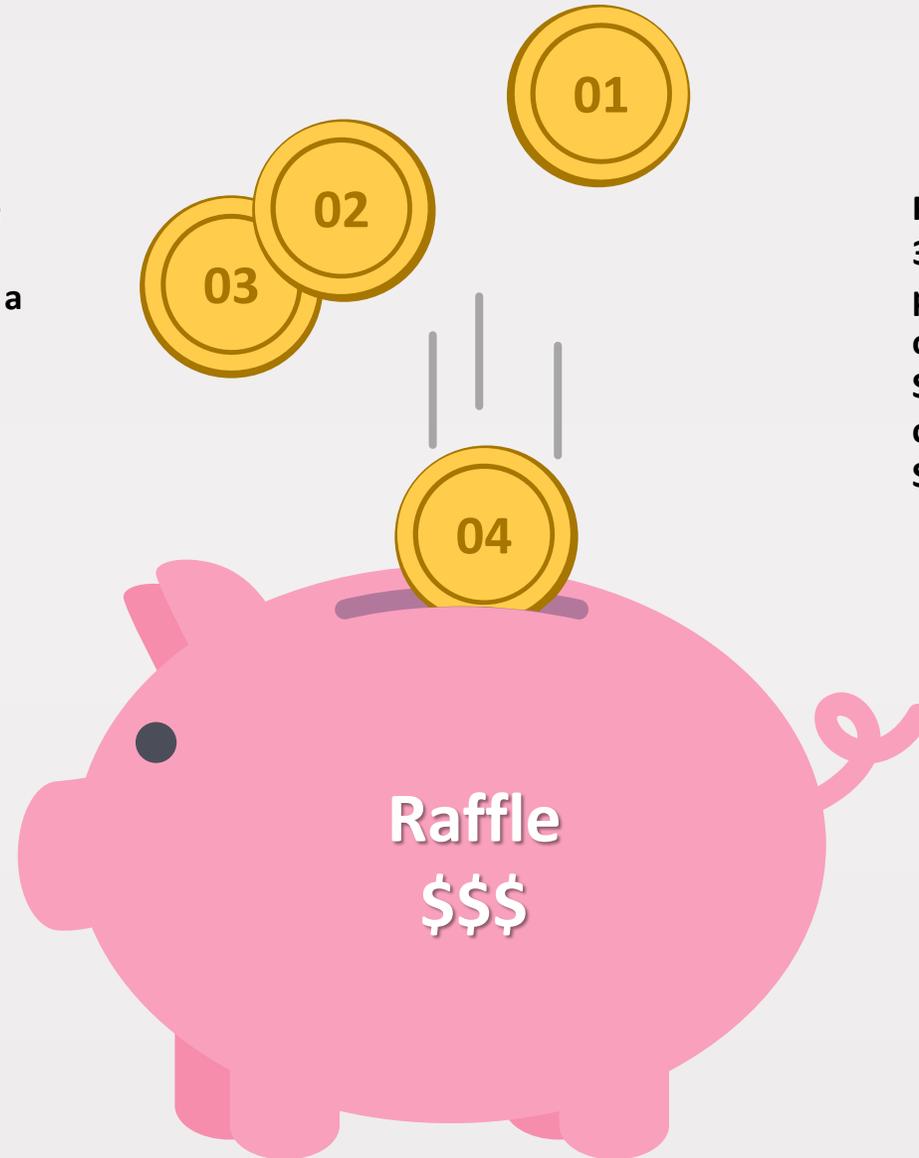
# Hiring Request by SCO Procedure

- 1. School site will contact Human Resources and request extra duty time for the specific employee.**
- 2. The extra duty form will be prepared by HR and signed by the principal, then returned to HR.**
- 3. The extra duty form will indicate the SCO will reimburse the District and contain all SCO billing info.**
- 4. Human resources will give the request for extra duty to payroll for processing and billing to the SCO.**
- 5. The employee will complete a timecard and submit it to payroll in Fiscal Services.**
- 6. After employee is paid, Fiscal Services will invoice the SCO for the total cost of the employee's pay.**
- 7. The SCO submits a check to the District that is used to repay the expense of the employee's time.**

# Raffles- Games of Chance

Raffles are defined as, “...a type of lottery in which prizes are awarded to people who pay for a chance to win.” This “game of chance” would be considered gambling.

There are many restrictions on this type of fundraiser, and this may require that a permit be issued by the appropriate city governmental office before the raffle is conducted.



Pursuant to Penal Code Section 320, California public school are prohibited from conducting raffles or games of chance. However, SCOs may hold raffles under certain circumstances (Penal Code Section 320.5).

When a school is working with an SCO the community perceives that the funds will be used towards supporting school functions. Care must be taken to ensure the donations are used in the manner represented.

# Silent Auctions

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- ▶ A “silent auction” is a group of items that have been donated or purchased that are then "sold" in a silent auction to generate donations for a specific group or activity.
- ▶ Both parents and students would be able to bid on the items (providing this activity does not occur during school hours) and is not considered gambling.

# Consultants

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- ▶ In the course of ordinary business, the District (and ASBs/USBs) often hire consultants to assist with various projects. SCOs, and all school district personnel, must contact the District Fiscal Services department at 760-883-2710 when hiring consultants for any reason.

# SCHOOL ADMINISTRATION GUIDELINES

Prior to school starting each year, the principal or designee should meet with the SCO to discuss the following:

## APPLICATION

The annual application process for SCOs, including all requirements.

## ACTIVITIES

How school calendar of activities operates and contact person.

## FACILITIES

District regulations on the use of facilities.



## REGULATIONS

Fundraisers must follow CA Ed. Code, Board Policy, and site rules when personnel and students are involved.

## SEPARATION

Reinforce the separation of SCOs and the District's legal status, bank accounts, and tax status.

## OFFICERS

Remind SCOs that PSUSD employees may not hold any official position in a SCO at the same school as employed.



▶ **School personnel are not to be involved in any financial transactions that are SCOs responsibility.**

# SCOOL ADMINISTRATION GUIDELINES (CONT.)

Prior to school starting each year, the principal or designee should meet with the SCO to discuss the following:



## INFORMATION

Collect names, addresses, phone #'s, email addresses, and any other relevant information of SCO officers.

## HIRING PROCEDURE

Remind all SCOs of the responsibilities related to hiring and paying individuals (including payroll taxes).

## STUDENT TRIPS

Explain the types of student trips or activities that require administration and/or Board approval.

► **School personnel cannot sign checks, collect funds, or authorize payments for the SCO.**

# School Administration Guidelines (continued)

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- ▶ Decertification
  - ▶ Failure of **administrators and SCO leadership** to meet timelines or adhere to guidelines outlined in this presentation may result in decertification.



# SCO and Site Partnership

## SCO Regulations and Importance

See the information in the *PSUSD School-Connected Organization Information Packet* for more information on:

Developing a Constitution and Bylaws.

Becoming a non-profit organization.

All other SCO-related procedures followed in PSUSD.



## **SCHOOL-CONNECTED ORGANIZATIONS**

### **CHECKLIST FOR MAINTAINING PROPER INTERNAL CONTROL**

The following is a checklist to assist school-connected organizations in maintaining adequate financial records. The list is by no means comprehensive but is designed to be a guide. Although the District will not audit every organization every year, you must always maintain the items to remain in compliance. The District may audit organizations on a random or rotating basis and maintains the right to audit an organization at any time.

- If your organization collects receipts in excess of \$25,000.00, do you have a copy of the IRS letter, authorizing the organization to be a qualified 501(c)(3) organization?
- Do you have copies of all the bank statements?
- Have all bank statements been reconciled?
- Do you have a copy of the annual budget that lists expected revenues and planned expenditures?
- Are proper controls in place to ensure that all checks are reviewed and approved by someone other than the person initiating the request?
- Are proper controls in place over fundraising activities to ensure that all cash received is deposited into the organization's bank account?
- Do you have adequate supporting documentation for all expenditures?
- Do you have adequate supporting documentation for all receipts?

# School-Connected Organizations

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- ▶ In order to be recognized as a nonprofit 501(c)(3) the SCO must:
  1. File a 1023 Application for Tax Exempt Status (Federal)
  2. File a 3500 Exemption Application (California)
  3. Annually must file a 990-N, 990-EZ or 990 (Federal)
  4. Annually must file a 199 (California)
  5. Annually file an RRF-1 (California Attorney General)
  6. File a Statement of Information within the first 90 days with the California Secretary of State and then every other year.
  
- ▶ If the organization has “Unrelated Business Income Tax” for any year then a 990T and 109 must also be filed, and taxes paid at the corporate rate.
  
- ▶ If the entity fails to file the required tax returns for three consecutive years, the tax-exempt status may be revoked by the IRS and the organization may become a taxable entity until the tax-exempt status is reinstated.
  - ▶ **Have your auditor help you with the IRS record-keeping.**

# School-Connected Organizations (continued)

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- ▶ <https://www.ftb.ca.gov/index.shtml> (Franchise Tax Board-California)
- ▶ <https://www.irs.gov/forms-pubs> (Internal Revenue Service-Federal)
- ▶ [http://oag.ca.gov/sites/all/files/agweb/pdfs/charities/charitable/rrfl\\_form.pdf](http://oag.ca.gov/sites/all/files/agweb/pdfs/charities/charitable/rrfl_form.pdf) (California Attorney Generals Office)
- ▶ <https://businessfilings.sos.ca.gov/> (Statement of Information-Secretary of State's Office)

# School-Connected Organizations

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- ▶ **Questions?**

Call the Fiscal Services Department at 760-883-2710



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Thank you!

