

Palm Springs Unified School District

School-Connected Organizations Informational Packet Compliance with Board Policy 1230

Updated June 2018

Purpose and Relationship to the District

- ▶ A booster auxiliary organization (booster club,) PTO, PTA, PTG, or another school-associated group is formally known as a ***School Connected Organization*** or SCO.

Purpose and Relationship to the District

- ▶ SCOs and the school and district are **distinctly separate entities.**

Purpose and Relationship to the District

- ▶ Why are SCO's important?
 - ▶ A SCO is a formalized way to help connect parents and other community members with the extra-curricular and co-curricular activities of schools and students in a community.

Purpose and Relationship to the District

- ▶ SCO funds must never be commingled with Associated Student Body (ASB)/ United Student Body (USB) funds or any other funds of the District.

Purpose and Relationship to the District

- ▶ The SCO name, address, or any other correspondence **shall not** imply any form of responsibility on the part of an ASB organization or the District.

Purpose and Relationship to the District

- ▶ A SCO is responsible for its own tax status, including establishing its own Tax Identification Number (TIN), and accounting of all funds collected and spent.
 - ▶ *Internal Revenue Service Form SS-4*
- ▶ A SCO must never be included in the District's tax-exempt status and never use the District's TIN.

Purpose and Relationship to the District

- ▶ SCO activities are regulated by California Education Code 51520.

Regulations Governing SCOs

- ▶ 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, 2018.

Regulations Governing SCOs

- ▶ In addition to completing and submitting the following *Annual Organization Approval Form...*



Annual Organization Approval Form



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) 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, 2017.

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
School-Connected Organization

Title

Date

Regulations Governing SCOs

- ▶ There are New Requirements for 2018-2019:
 - At the same time when SCOs submit the *Annual Organizational Approval Form* requesting Board of Education approval, the following must also be submitted to the Business Services Office:
 - A current copy of the SCO-approved constitution that addresses or includes:
 - ▶ Name and purpose of the SCO
 - ▶ Names of executive board members or officers, with positions and duties of each position defined, and their term limits
 - ▶ Membership
 - ▶ Method of amendments to the constitution, such as by whom, what percent of members, and/or by ballot
 - ▶ Method of adoptions or ratification of constitution and any subsequent amendments



Regulations Governing SCOs

- ▶ New Requirements for 2018-2019:
 - SCOs requesting Board of Education approval will also need to submit to the Business Services Office:
 - A current copy of the SCO-approved bylaws that addresses or includes (if not found in the Constitution):
 - ▶ Duties and powers of the executive board or officers
 - ▶ The composition and membership of committees
 - ▶ Successions
 - ▶ Elections and qualifications for office
 - ▶ Finances, including a statement of internal controls, authorization of financial activities, and who can preapprove transactions
 - ▶ Meeting schedule for regular and special sessions, including time, manner frequency, definition of a quorum, and who shall conduct meetings. The procedures and meetings shall be governed by Roberts' Rules of Order or a similar code. Minutes of the meetings shall be kept and read for approval at succeeding meetings. Actions taken by the executive committee shall be reported to the membership at large



Regulations Governing SCOs

▶ New Requirements for 2018-2019:

□ SCOs requesting Board of Education approval will also need to submit to the Business Services Office:

▶ A statement of understanding for each of the following:

- ▶ The district has the express right to review and/or audit SCO's financial statement to help ensure their financial integrity
- ▶ If the superintendent considers it necessary, she may revoke an SCO's authorization to conduct activities at the school and elsewhere in the district
- ▶ The SCO acknowledges it must have its own tax identification number (TIN)
- ▶ The SCO must be officially recognized as a tax-exempt organization under internal revenue code section 501(c)(3)
- ▶ The SCO is not authorized to act as an agent of the school or district
- ▶ No individual will personally financially benefit from the activities the SCO conducts
- ▶ The bylaws should also include any/all other information that assists SCOs with decision-making



Regulations Governing SCOs

- ▶ 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

- ▶ 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.

Regulations Governing SCOs

- ▶ 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

- ▶ All SCOs must adhere to good business practices and maintain an adequate system of controls, that include the following:
 - ▶ 1. Pre-numbered receipt books (or a comparable methodology) should be used for all financial transactions and maintained as backup documentation for future review and audit.

Financial and Fundraising Guidelines (continued)

- ▶ 2. Bank deposits should be made intact and in a timely manner. Cash should never be used to pay for any purchases/expenses.
- ▶ 3. Bank reconciliations shall be performed monthly by someone independent of depositing and check-writing duties.



Financial and Fundraising Guidelines (continued)

- ▶ 4. The treasurer or designated officer shall prepare monthly financial statements that are presented to the organization along with a copy of the most current bank statement and reconciliation.
- ▶ 5. The organization shall appoint an auditor, independent of the treasurer, to review all of the financial records, journals, check registers, bank statements, receipts, invoices, etc., at minimum once a year.

Financial and Fundraising Guidelines (continued)

- ▶ 6. Checks require a minimum of two signatures, and shall not be signed in advance.
- ▶ 7. All expenditures shall be approved by the organization and so noted in their minutes.
- ▶ 8. Fundraising activities shall be done for a stated specific goal and not simply to raise money for the organization.



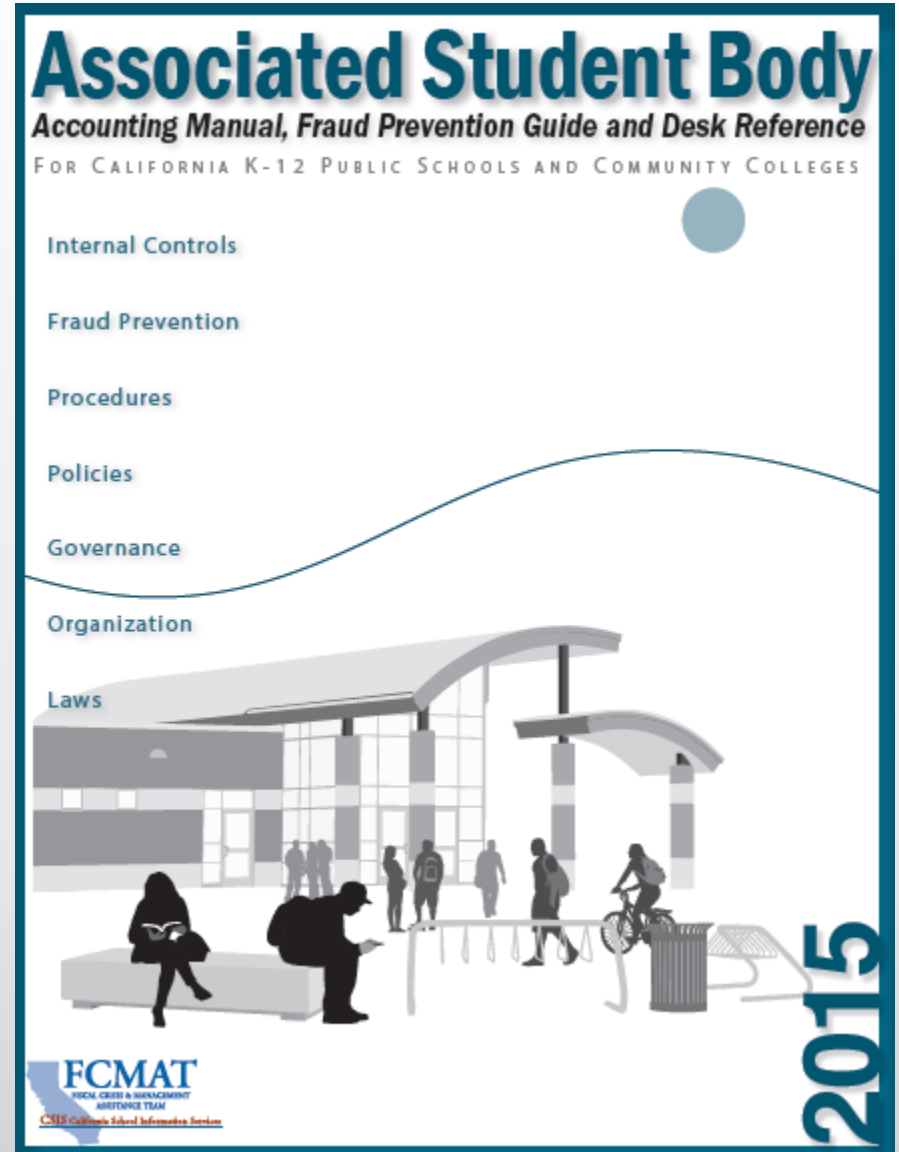
Financial and Fundraising Guidelines (continued)

- ▶ 9. Only Board-approved SCOs that have scheduled fundraising activities, and have obtained prior written approval from the ASB/USB or the school principal shall be authorized to conduct such activities on District or school premises (this helps ensure that multiple fundraising efforts do not conflict).
- ▶ 10. ASBs/USBs have no authority over SCOs, and SCOs have no authority over ASBs/USBs.



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.



Insurance Requirements

- ▶ 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.



Insurance Requirements

▶ 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, Jr. Accounting Supervisor- PSUSD

Donations for Supplies

- ▶ When a SCO wishes to give to a school (not an ASB/USB) money to be used for supplies, the District designated person who is authorized to spend the funds should purchase the supplies through the regular purchasing system of the District, with the approval of the principal. The purchase should be charged to a school account code and then marked **boldly** on the purchase requisition:

TO BE PAID BY:

- Name of Parent and/or Booster Club/Organization
- Person responsible for Parent and/or Booster Club/Organization (Treasurer, President, or contact person of the organization)
- Address for bill to be sent



Donations for Supplies

- ▶ The purchase will be charged to the school account code on the requisition at the time of payment. The District's Fiscal Services Department will then bill the SCO for the amount of the supplies purchased.



Donations for Equipment Purchases

- ▶ When a SCO wishes to donate equipment to a school, the preferred method for the transaction is the **same as the donation of supplies**.
- ▶ NOTE: The first step is for the school to work with the Purchasing Department to determine the valuation of the donated asset(s) or equipment.



Donations for Equipment Purchases

- ▶ The District designated person who is authorized to spend the funds should purchase the equipment through the regular purchasing system of the District, with the approval of the principal. The purchase should be charged to a school account code. The requisition should be marked boldly:

TO BE PAID BY:

- Name of Parent and/or Booster Club/Organization
- Person responsible for Parent and/or Booster Club/Organization (Treasurer, President, or contact person of the organization)
- Address for bill to be sent

Donations for Equipment Purchases

- ▶ The purchase will be charged to the school account code on the requisition at the time of payment. District Office Fiscal Services will then bill the SCO for the amount of the equipment purchased.



Donations for Equipment Purchases

- ▶ If the SCO wishes to purchase equipment outright and donate it to a school, ensure that the principal and District's Purchasing Department have been notified prior to the equipment being ordered.
- ▶ The equipment must then be accepted by the Governing Board at a regular Board meeting as a donation to the District.



Donations for Transportation/Field Trips

- ▶ A SCO may donate funds to the District for the transportation of students to events.
- ▶ A field trip request form must be completed in conjunction with the school site and then sent to the District's Educational Services department for approval. The request form must be marked **boldly**:

TO BE PAID BY:

- Name of Parent and/or Booster Club/Organization
- Person responsible for Parent and/or Booster Club/Organization (Treasurer, President, or contact person of the organization)
- Address for bill to be sent



Donations for Transportation/Field Trips

- ▶ The transportation costs will be charged to the school account code on the requisition at the time of payment. District Office Fiscal Services will then bill the SCO for the amount of the transportation costs.



Hiring Request by Booster Clubs Procedures

- ▶ 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

- ▶ 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 Booster Clubs Procedures

- ▶ 1. The school site will contact Human Resources and request extra duty time for the specific employee. Human Resources will prepare the form and send it to the school principal for signature.
- ▶ 2. A Request for Extra Duty form will be signed by the school principal receiving the services and returned to Human Resources.



Hiring Request by Booster Clubs Procedures

- ▶ 3. The Request for Extra Duty will indicate the SCO will reimburse the District for the expense. The form should contain all information about the SCO to facilitate billing.
- ▶ 4. Human Resources will give the Request for Extra Duty to payroll in Fiscal Services for processing and future billing to the SCO.



Hiring Request by Booster Clubs Procedures

- ▶ 5. The employee will complete a time card and submit it to payroll in Fiscal Services.
- ▶ 6. After the employee is paid Fiscal Services will invoice the SCO for the total cost of the employee's pay including fringe benefits.



Hiring Request by Booster Clubs Procedures

- ▶ 7. The SCO submits a check to the District that is used to repay the expense.



Raffles and Auctions

- ▶ Raffles are defined as, “...a type of lottery in which prizes are awarded to people who pay for a chance to win.”
- ▶ Each person enters the game of chance by submitting a detachable coupon or stub from the paper ticket purchased.
- ▶ This "game of chance" would be considered gambling.

Raffles and Auctions

- ▶ There are many restrictions on this type of fundraiser and this must have a permit issued by the appropriate city governmental office before the raffle is conducted.



Raffles and Auctions

- ▶ Pursuant to Penal Code Section 320, **California public schools are prohibited from conducting raffles or games of chance.**
- ▶ However, eligible nonprofit organizations (i.e., SCOs) may hold fundraising raffles under certain circumstances (Penal Code Section 320.5).

Raffles and Auctions

- ▶ An “auction” is a group of items that have been donated or purchased that are then "sold" in a auction to generate donations for a specific group or activity.



Raffles and Auctions

- ▶ 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.



Raffles and Auctions

- ▶ When a school is working with an organization, the community perceives that the funds raised will be used towards supporting school functions.
- ▶ Care must be taken by all involved that the donations received are used in the manner represented by the organization conducting the fundraiser.

Peter VanBuskirk, Director of Fiscal Services- PSUSD



Consultants

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



Other Important Information

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

- ▶ Developing a Constitution and Bylaws.
- ▶ All other SCO-related procedures followed in PSUSD.



School Administration Guidelines

- ▶ Prior to the beginning of school in the fall, or within the first few weeks of the new school year, the principal (or designee) should meet with SCOs (or their officers) to discuss the following:
 1. The annual application process for SCOs (including the requirements for financial statements, constitutions, by-laws, and an organization charter).
 2. How the school calendar of activities operates (e.g., who must be contacted to place activities on the calendar).
 3. District regulations on the use of facilities.

School Administration Guidelines (continued)

4. All applicable fundraising regulations (e.g., Education Code, Board Policy and Regulations, site rules and procedures, good business practices) shall be followed when a school or District facilities, school personnel, or students are involved.

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

6. Remind SCOs that Palm Springs Unified School District employees may not hold any official position in a SCO at the same school where they are employed.



School Administration Guidelines (continued)

6. Remind SCOs that school personnel are not to be involved in any financial transactions that are the SCO's responsibility (e.g., signing checks, collecting funds, or authorizing payments).

7. Collect the names, addresses, telephone numbers, email addresses, and any other relevant information of all SCO organizations officers.

8. Explain the District's hiring procedures and remind all SCOs of the responsibilities related to hiring and paying individuals (including payroll tax reporting).

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



School Administration Guidelines (continued)

10. Should the SCO require and/or desire the use of District facilities (for a meeting or other purpose), they shall complete the District's Application for Use of School Facilities.

School Administration Guidelines (continued)

- ▶ Decertification
 - ▶ Failure to meet timelines or adhere to guidelines outlined in this presentation may result in decertification.



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 maintain the items at all times 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 there proper controls to ensure that all checks are reviewed and approved by someone other than the person initiating the request?
- Are there proper controls over fundraising activities to ensure that all cash received actually 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?



Brian J. Murray, Ed.D. Assistant Superintendent, Business Services

School-Connected Organizations

- ▶ 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 a RRF-1 (California Attorney General)
 6. Annually file a Statement of Information with the California Secretary of State.

- ▶ 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.

School-Connected Organizations

- ▶ <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 (California Attorney Generals Office)
- ▶ <https://businessfilings.sos.ca.gov/> (Statement of Information-Secretary of State's Office)



Purpose and Relationship to the District

Check for Understanding

1. True or False?- Principals are responsible for running SCOs on their campuses.
2. True or False?- Principals are responsible for establishing, keeping, or abolishing SCOs on their campuses.
3. True or False?- If a SCO becomes bankrupt, the principal is liable and responsible.
4. True or False?- If a SCO is suspected of using funds illegally or stealing funds, the principal is responsible for investigating the matter.



Purpose and Relationship to the District

5. True or False?- If a SCO is suspected of using funds illegally or stealing funds, it is the district's legal responsibility to investigate the matter.
6. True or False?- Conducting a successful SCO starts with trust between the principal and the SCO.
7. True or False?- Only principals can authorize that SCO funds can be comingled with ASB/USB funds.

Regulations Governing SCOs

9. True or False?- In certain situations, SCO activities can be represented as activities of the Palm Springs Unified School District or one of its schools.
10. True or False?- SCOs can conduct fundraiser activities requiring students to participate.
11. True or False?- A school may more effectively limit exposure to the principal and the District by adequately supervising and monitoring the activities of a SCO.
12. True or False?- It is likely that if a lawsuit is filed against an SCO, the suit will also name the District and seek a finding of joint liability.



Regulations Governing SCOs

13. True or False?- It is expected that SCOs work with District departments when considering purchasing or donating equipment and/or supplies.
14. True or False?- Principals can work with SCOs to determine the type and quantity of equipment and/or supplies purchased.
15. True or False?- SCO officers are, by law, PSUSD employees.



School-Connected Organizations

- ▶ **Questions?**

Call the Fiscal Services Department at 760-883-2710

Thank you!

