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# **Palm Springs Unified School District**

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

**Updated August 2023**

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# Purpose and Relationship to the District

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- ▶ 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

(continued)

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- ▶ SCOs and the school and district are **distinctly separate entities.**
- ▶ **Never** give the impression that a SCO is a school or school district organization.

# Purpose and Relationship to the District

(continued)

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- ▶ Why are SCOs 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.
    - As all principals and other administrators already know, parent involvement is **critical** to effective School Site Councils (SSCs), Local Control Accountability Plans (LCAPs), and School Plans for Student Achievement (SPSAs).

# Purpose and Relationship to the District

(continued)

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

# Purpose and Relationship to the District

(continued)

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

# Purpose and Relationship to the District

(continued)

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- ▶ 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.
  
- ▶ A SCO must submit information to the IRS EVERY YEAR or face financial penalties.
  - Every year the district receives at least one bill/invoice to pay a SCO-related expense.

# Purpose and Relationship to the District

(continued)

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



# 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)

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- ▶ In addition to completing and submitting 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)

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- ▶ There are continued requirements for this year:
  - 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 (continued)

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- ▶ Requirements for this year:
  - 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 (continued)

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- ▶ Requirements for this year:
  - 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, he 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 (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.**

# Regulations Governing SCOs (continued)

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- ▶ 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

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- ▶ 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)

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- ▶ 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)

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- ▶ 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.
  - ***Principals- if you have authorized one or more SCOs on your campus, you must know the name and contact information of the auditor serving the SCOs.***

## Financial and Fundraising Guidelines (continued)

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- ▶ 6. Checks require a minimum of two **authorized** 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.**

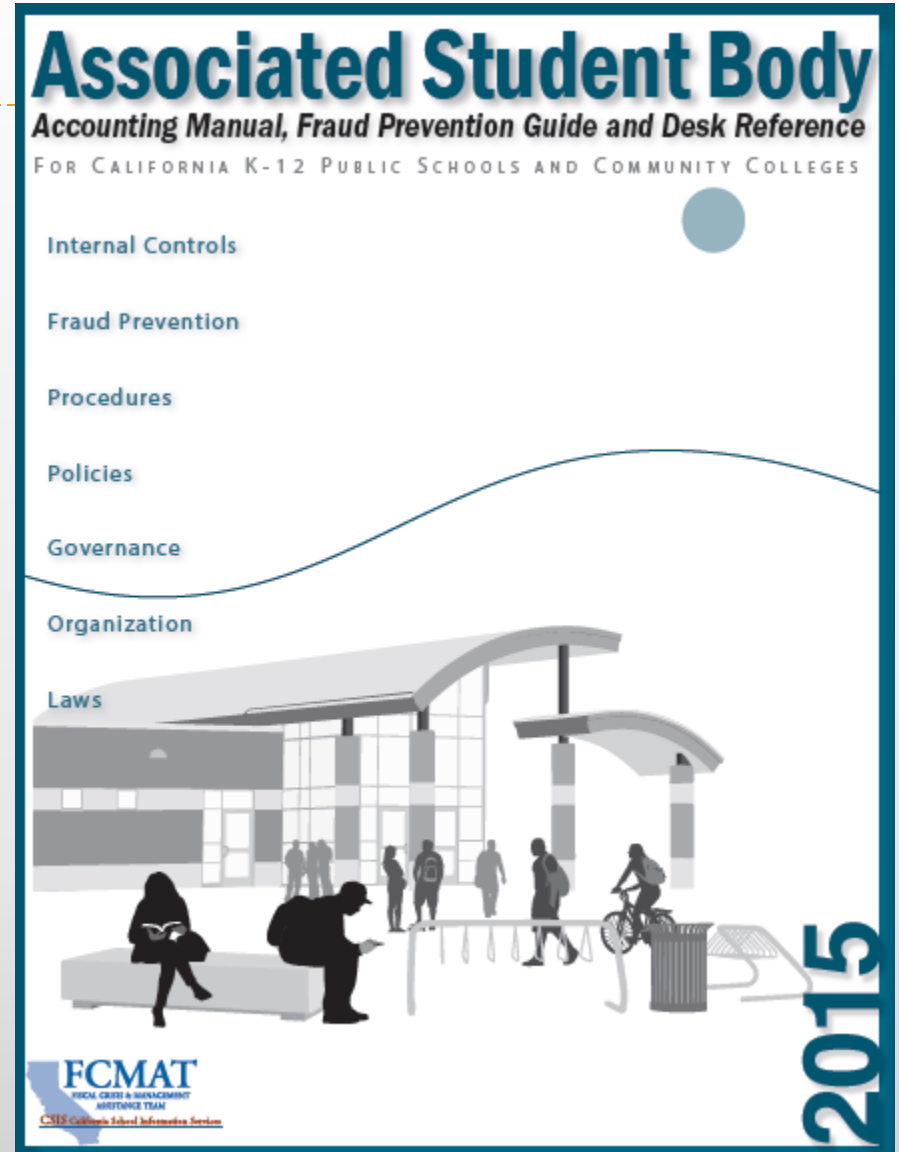
## Financial and Fundraising Guidelines (continued)

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- ▶ 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](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.

# Insurance Requirements (continued)

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## ▶ 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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# Donations for Supplies

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- ▶ 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 (continued)

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- ▶ 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

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- ▶ 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 (continued)

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- ▶ 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 (continued)

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- ▶ 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 (continued)

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- ▶ 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

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- ▶ A SCO may donate funds to the District for the transportation of students to events.
- ▶ A Field Trip Authorization Form must be completed in conjunction with the school site and routed to the District's Educational Services department for approval. Attached to the Field Trip Authorization Form must be a letter from the SCO with the information below:

- 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

- ▶ ***Do not assume transportation is an “automatic”***



# Donations for Transportation/Field Trips

(continued)

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- ▶ The transportation costs will be charged to the school account code on the Field Trip Authorization Form 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

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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 Booster Clubs Procedures (continued)

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- ▶ 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 (continued)

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- ▶ 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 (continued)

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- ▶ 5. The employee will complete a timecard 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 (continued)

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

# Raffles and Auctions

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- ▶ 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 (continued)

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

# Raffles and Auctions (continued)

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- ▶ 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).
- ▶ 90-10 Rule

# Raffles and Auctions (continued)

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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.

# Raffles and Auctions (continued)

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- ▶ 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.

# 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 at 760-883-2710 when hiring consultants for any reason.

# Other Important Information

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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

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- ▶ 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)

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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)

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6. Remind SCOs that school personnel are not to be involved in any financial transactions that are the SCOs 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)

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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)

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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.

## 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?



Jeff Simmons, Assistant Superintendent, Business Services

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# 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!

