

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Booster Clubs and Parent Organizations Workshop

Updated 2/7/2023

Booster Clubs and Parent Organizations

- Booster clubs and parent organizations are formed by parents, community members, and staff members to support school activities (e.g. music groups, athletic teams, debate teams).
- Booster clubs and parent organizations must have their own separate Employer Identification Number (EIN).
- The primary role of a booster club or parent organization is to enrich students' participation in extracurricular school activities.
- Parent organizations and booster clubs are often referred to as “school-connected organizations.”

District Relationship

- Booster clubs and parent organizations:
 - Are legally separate from the district
 - Are not under the legal control of the district superintendent, board of education, site administrators, other district staff or students
 - Must remain completely separate from district's Associated Student Body (ASB) organizations
 - Must not administer or supervise ASB organizations
 - Must never commingle funds with ASB or district funds
 - Cannot keep funds in ASB or school safe

District Has Responsibility for Booster Clubs and Parent Organizations

If booster clubs and parent organizations operate separately from the district and are not controlled by district officials or students, why should the district care about their operations?

Education Code Defines District Responsibility

Education Code Section 51521 states:

“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.***”

District Policy

- Education Code Section 51521 means that a school-connected organization may not legally operate unless and until it obtains the prior written approval of the district's governing board or its designee.
- The district governing board should adopt board policies and administrative regulations that booster clubs and parent organizations must follow to operate as a school-connected organization.

District Policy, cont.

XYZ Unified School District Board Policy 1240 states:

“The Board recognizes that school-booster organizations are separate legal entities, independent of the district. However, to help the Board fulfill its legal and fiduciary responsibility to manage district operations and in accordance with Education Code 51521, any group wishing to operate a school-booster organization that will conduct fundraising activities to benefit a school or its students shall submit a written application to the site administration, who shall approve or deny the application.”

District Policy, cont.

XYZ Unified School District Board Policy 1240 - *continued*:

“Any fundraising activities initiated by an approved school-booster organization shall be submitted to school administration for approval prior to the fundraising activity. In addition, the Superintendent or designee shall establish appropriate procedures, guidelines and internal controls for the operation of school-booster organizations and the relationship between school-booster organizations and the district.” (*emphasis added*)

District Policy, cont.

So what is fiduciary responsibility?

Fiduciary responsibility, more commonly referred to as a fiduciary duty, is the legal duty to act solely in another party's interests. This legal duty includes the duty to act with care, competence, and diligence. A fiduciary duty is the strictest duty of care recognized by the US legal system.

Operating in the District

- Booster clubs and parent organizations must be authorized to operate within the district through an application process.
- All booster clubs and parent organizations are subject to revocation by the superintendent or designee if deemed necessary.
- To operate in the district, each booster club or parent organization should:
 - Provide evidence of California state and federal 501(c)(3) tax-exempt status (IRS Determination Letter and while waiting for the IRS letter, Form 1023 should be presented)
 - Provide proof that each parent organization or booster club has its own EIN. (Form SS-4)

Operating in the District, cont.

- Submit a signed Booster Club Manual Acknowledgement form.
- Submit the district's signed Hold Harmless Agreement.
- Submit a copy of the booster club/parent organization's constitution, or bylaws.
- Submit complete, up-to-date financial statements (Balance Sheet and Income Statement) to the school site principal or designee twice each year.

Operating in the District, cont.

- Ensure that the school-connected organization's officers attend a district-provided Annual Booster Club Workshop.
- Not imply any form of responsibility for or sponsorship of its fundraising events by the district, school site or ASB unless authorized by the district, school principal or principal's designee.

Operating in the District, cont.

- Be responsible for maintaining its own tax-exempt status, accounting, financial records and income tax reporting to both the federal and state government.
- Never be allowed to use the district's EIN.
- Not use the ASB or district funds as a pass-through account.
- Maintain a Seller's Permit if selling merchandise or goods, because booster clubs and parent organizations are not sales tax exempt.
 - California Department of Tax and Fee Administration
 - <http://www.cdtfa.ca.gov>

Operating in the District, cont.

- Annually submit a Certificate of Liability from its insurance company to the principal or designee and carry sufficient liability insurance according to the minimum amounts determined by the district.
- Annually submit a member roster of names and a contact list of officers to the principal or designee complete with addresses, phone numbers and email addresses.

Operating in the District, cont.

- Have its own bank account in the name of the organization separate from the district and/or ASB.
 - A copy of the bank account statement and list of authorized signers must be annually submitted to the principal or designee.

Operating in the District, cont.

- Not allow any individual to personally benefit from the booster club or parent organization's activities.
- Upon termination, provide through the school-connected organization's constitution for the distribution of any excess funds and assets to another nonprofit organization; e.g., the booster club's or parent organization's school site, the ASB or the district.

Operating in the District, cont.

- The booster club or parent organization must submit a proposed budget and list of proposed fundraising activities to the school site principal or designee at the beginning of each school year so a determination to be made that there are no fundraising conflicts with other school activities, including ASB.
- Booster clubs' or parent organizations' ability to use school district facilities is regulated by California Education Code 38130-38139, otherwise known as the Civic Center Act.
- All fundraising activities at any district school site, including booster club and parent organizations, must be approved in advance per the district's Facility Use Policy.

Operating in the District, cont.

- Students may volunteer for or assist booster clubs or parent organizations when it does not interfere with students' other school site obligations.
- A booster club or parent organization may never discriminate against students on the basis of a family's membership in, contributions to, or fundraising for the booster club or parent organization, or the family's time spent on booster club or parent organization activities.

Operating in the District, cont.

- When a booster club or parent organization donates or raises funds for a school site, ASB or the district, it should state the specific purpose for which the funds are being donated on all applicable literature.
 - Once funds are donated and accepted by the district, the funds are the property of the district and may not be returned to the parent organization or booster club.

Operating in the District, cont.

- If a booster club or parent organization wants to operate bingo or raffle fundraising events, the organization must understand that these events are strictly regulated by California Penal Code Sections 326.5 and 320.5, and by county and city ordinances.
 - Operation of bingo games, raffles, or poker night fundraisers without legal authorization to do so is considered gambling under California law and can be charged as a crime by the District Attorney.

Operating in the District, cont.

DON'T FORGET:

Just because something is for a good cause does not mean it is allowable or an illegal activity is acceptable.

Games & Gambling



California Penal Code Section 330 provides that:

“Every person who deals, plays, or carries on, opens, or causes to be opened, or who conducts, either as owner or employee, whether for hire or not, any game of faro, monte, roulette, lansquenet, rouge et noire, rondo, tan, fan-tan, seven-and-a-half, twenty-one, hokey-pokey, or any banking or percentage game played with cards, dice, or any device, for money, checks, credit, or other representative value, and every person who plays or bets at or against any of those prohibited games, is guilty of a misdemeanor, and shall be punishable by a fine not less than one hundred dollars (\$100) nor more than one thousand dollars (\$1,000), or by imprisonment in the county jail not exceeding six months, or by both the fine and imprisonment.”

Games & Gambling, cont.

- Nonprofits may register with the Attorney General for promoting nonprofit organization gambling under the fundraiser registration program at <https://oag.ca.gov/gambling/charitable>.
- The OAG website states, “The State of California’s Business and Professions Code Sections 19985-19987 allow for eligible nonprofit organizations to hold “charity poker night” fundraisers. Qualified nonprofit organizations and suppliers of equipment and/or services for such fundraising events must submit an Annual Registration Form to the Bureau of Gambling Control for prior approval.”

Raffles

- OAG website for Raffles.

<https://oag.ca.gov/charities/raffles>

- The OAG website has a 17:55 minute YouTube video Raffle Webinar

Per the OAG: “Any scheme involving a prize where payment or purchase of something will increase the chance of winning the prize is considered a raffle regardless of what the contest is called, even if there is a free entry option available.”

Examples: giveaways, sweepstakes, add-ons, random drawings, and opportunity drawings

CT-NRP-1

**APPLICATION FOR REGISTRATION
 NONPROFIT RAFFLE PROGRAM**
 (California Penal Code section 320.5)



Raffles, cont.

- **Revised February 2021**
- Always file this form annually if you are going to have a raffle.
- \$30 fee.
- Complete by September 1.
- Registration period is September 1 to August 31.
- Must be a nonprofit/charity
- Nonprofits must be qualified to conduct business for one year prior to conducting raffle
- FTB entity status letter-tax exempt
- Submit 60 days prior to raffle
- Cannot sell tickets before you have Registry of Charitable Trusts confirmation letter

<p>MAIL TO: Office of the Attorney General Registry of Charitable Trusts P.O. Box 903447 Sacramento, CA 94203-4470</p> <p>STREET ADDRESS: 1300 I Street Sacramento, CA 95814 (916) 210-6400</p> <p>WEBSITE ADDRESS: www.oag.ca.gov/charities</p>	<p>The registration period is September 1 to August 31.</p> <p>A CHECK IN THE AMOUNT OF \$30 MADE PAYABLE TO DEPARTMENT OF JUSTICE MUST ACCOMPANY THIS REGISTRATION FORM</p>	<p>(For Registry Use Only)</p>
<p>Proof of California Franchise Tax Board exempt status must be attached to this registration application. This application will otherwise be deemed deficient and returned to the organization.</p> <p>Name of Organization: <input type="text"/></p> <p>Address of Organization: <input type="text"/></p> <p>City or Town, State and ZIP Code: <input type="text"/></p> <p>E-mail Address: <input type="text"/></p> <p>Telephone Number: <input type="text"/></p> <p>Fax Number: <input type="text"/></p>	<p>(For Registry Use Only)</p> <p>Raffle Registration Number: _____</p> <p>Provide at least one of the following:</p> <p>State Charity Registration Number: <input type="text"/></p> <p>Federal Employer Identification Number (FEIN): <input type="text"/></p> <p>SOS Corporation Number: C <input type="text"/></p> <p>FTB Organization Number: <input type="text"/></p>	
<p>Please list the date your organization first qualified to conduct business in the State of California: <input type="text"/></p>		
<p>Specify the organization's tax - exempt status pursuant to California Revenue and Taxation Code section:</p>		
<p><input type="checkbox"/> 23701a Labor, agricultural, or horticultural organizations</p>	<p><input type="checkbox"/> 23701g Nonprofit pleasure and recreation clubs</p>	
<p><input type="checkbox"/> 23701b Fraternal beneficiary societies, orders or associations</p>	<p><input type="checkbox"/> 23701k Religious or apostolic corporations having common or</p>	
<p><input type="checkbox"/> 23701d Religious, charitable, scientific, testing for public safety, literary, educational, amateur sports or prevention of cruelty to children or animals organization</p>	<p><input type="checkbox"/> 23701l Domestic fraternal societies, orders or associations</p>	
<p><input type="checkbox"/> 23701e Business leagues, chambers of commerce, real estate boards, and boards of trade</p>	<p><input type="checkbox"/> 23701t Homeowners and associations</p>	
<p><input type="checkbox"/> 23701f Civic leagues, social welfare organizations and local employee organizations</p>	<p><input type="checkbox"/> 23701w Veterans organizations</p>	
<p>Proposed date(s) of raffle(s) [REQUIRED] <input type="text"/> (month/day/year) (After August 31, a new registration is required.)</p>		

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Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470
(916) 210-6400

WEBSITE ADDRESS:
www.oag.ca.gov/charities

Instructions for Application for Registration Nonprofit Raffle Program (CT-NRP-1)

CT-NRP-1 INSTRUCTIONS



Before conducting raffle activities, including selling tickets, organizations must first register for the raffle and also obtain a written confirmation of raffle registration from the Attorney General's Registry of Charitable Trusts (Registry). Raffles cannot be operated, nor may tickets be sold, traded or redeemed over the internet. At least 90 percent of gross receipts (total amount before deduction of expenses) from the raffle tickets sales must be used for the charitable or beneficial purposes of the organization conducting the raffle or for the benefit of another eligible organization. Review Penal Code section 320.5 to ensure your organization complies with all statutory requirements. The Penal Code and Frequently Asked Questions (FAQs) for raffles is available on the Attorney General's website at www.oag.ca.gov/charities.

To apply for a Raffle Registration use the Registry's form (CT-NRP-1) and complete all fields. Incomplete applications will not be processed.

1. Name: The name of the raffle applicant must match exactly the name of the organization as it appears on the organization's Secretary of State (SOS) or Franchise Tax Board (FTB) documents. If your organization is in a parent/child relationship with another organization, the parent organization must register for raffle activities.

2. Identification Numbers: Provide at least one of the organization's nonprofit identification numbers:

- State Charity Registration Number (CT # from the Registry of Charitable Trusts);
- Federal Employer Identification Number (nine-digit number received from the IRS);
- Corporation number (number from the SOS) or Exempt organization number (the number you received from the FTB). An organization will either have a corporation number or an organization number (not both).

3. One-Year Requirement: The applicant must be qualified to conduct business in California for at least one year before applying for a raffle registration. (Penal Code, § 320.5.) "Qualified to conduct business in California" means: (1) registered and in good standing with the Registry of

4. Tax-Exempt Status: Check the box of the appropriate tax-exempt status. This number may be found on the FTB tax-exemption determination or status letter. A copy of the organization's Section 23701 tax exempt status determination letter can be obtained from the FTB at www.ftb.ca.gov or by telephone at (916) 845-4171.

5. Date of Raffle: Provide a proposed raffle date (month/day/year). The registration year is from September 1 to August 31. After August 31, a new registration is required. If you plan to sell raffle tickets during one year, but conduct the drawing the next year, you must register for both years.

6. Signature: The CT-NRP-1 Form must be signed by an authorized officer or director of the organization (e.g., president or chief executive officer, treasurer or chief financial officer).

Submit the CT-NRP-1 Form, a copy of your FTB determination letter or entity status letter, and a check made payable to "Department of Justice" in the amount of \$30, at least 60 days prior to raffle activity. Applications are processed in the order received and no expedited services are available.

Mail to: Office of the Attorney General
Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470

Contact the Registry of Charitable Trusts if you have questions at raffles@doj.ca.gov.

Raffles, cont.

- 90% of gross receipts (total amount before deduction of expenses) from raffle ticket sales must be used for the charitable or beneficial purposes of the organization conducting the raffle or for the benefit of another eligible organization
- Detached tickets must have numbers
- Only adults of the charity supervise drawing
- Tickets were not sold, traded or redeemed over the internet
- Raffle funds were not used for any purpose outside of California
- And More, so read the rules
- See https://oag.ca.gov/system/files/media/ct_nrp_1.pdf



CT-NRP-2

Raffles, cont.

- **Revised September 2017**
- Two-page report with three parts - A,B,C
- Report each year there is a raffle
- Report aggregate for all raffles, not required to report each raffle separately, Penal Code 320.5
- Due October 1
- For profit businesses and individuals cannot conduct raffles – ONLY CHARITIES

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WEBSITE ADDRESS:
www.oag.ca.gov/charities

A report must be completed for each year in which a raffle was conducted (September 1 through August 31).

The report is due on or before October 1. (California Penal Code section 320.5)

(For Registry Use Only)

PART A: General Organization Reporting Information

Name of Organization:

Address of Organization:

City or Town, State and ZIP Code:

E-mail Address:

Telephone Number:

Fax Number:

Provide at least one of the following:

State Charity Registration Number:

Raffle Registration Number:

Federal Employee Identification Number (FEIN):

SOS Corporation Number or FTB Organization Number:

Part B: Raffle Information

1. Raffle year ending August 31,

(Year)

2. Aggregate gross receipts from the operation of raffle(s): \$

3. Aggregate direct costs incurred by the organization from the operation of raffle(s): \$

At least 90% of the gross receipts received from ticket sales must be used for the beneficial or charitable purpose of the eligible organization or for the benefit of another eligible organization. Did direct costs exceed 10% of gross receipts and did your organization use funds from sources *other* than from ticket

Yes No

4. exceed 10% of gross receipts and did your organization use funds from sources *other* than from ticket

Opportunity Drawing

An Opportunity Drawing, also known as a Free Raffle may be exempt from registration if all of the following are met:

1. It involves a general and indiscriminate distribution of tickets
2. The tickets must be offered on the same terms and conditions as the tickets for which a donation is given
3. It does not require any of the participants to pay for a chance to win

50/50 Sports Raffles or Casino Nights

- Regulated by the Bureau of Gambling Control
- 50/50 raffles are those in which the prize winner receives 50% of ticket-sale revenue and the other 50% of the revenue is retained by the organization conducting the raffle. 50/50 raffles are illegal
- Only Major League Sports who meet many requirements may participate
- There is a \$14,400 annual registration fee
- See <https://oag.ca.gov/gambling/sportsraffle> and OAG FAQ's at <https://oag.ca.gov/charities/raffles>

Silent Auction

Per OAG FAQ's (<https://oag.ca.gov/charities/raffles>)

A silent auction is not considered a raffle so a charity is not required to register with the Registry of Charitable Trusts before conducting silent auction activities. A silent auction is not a game of chance. Unlike a raffle where multiple participants pay for a chance to win a prize based on a random draw, a silent auction is a sale of an item to the highest bidder.

Bingo



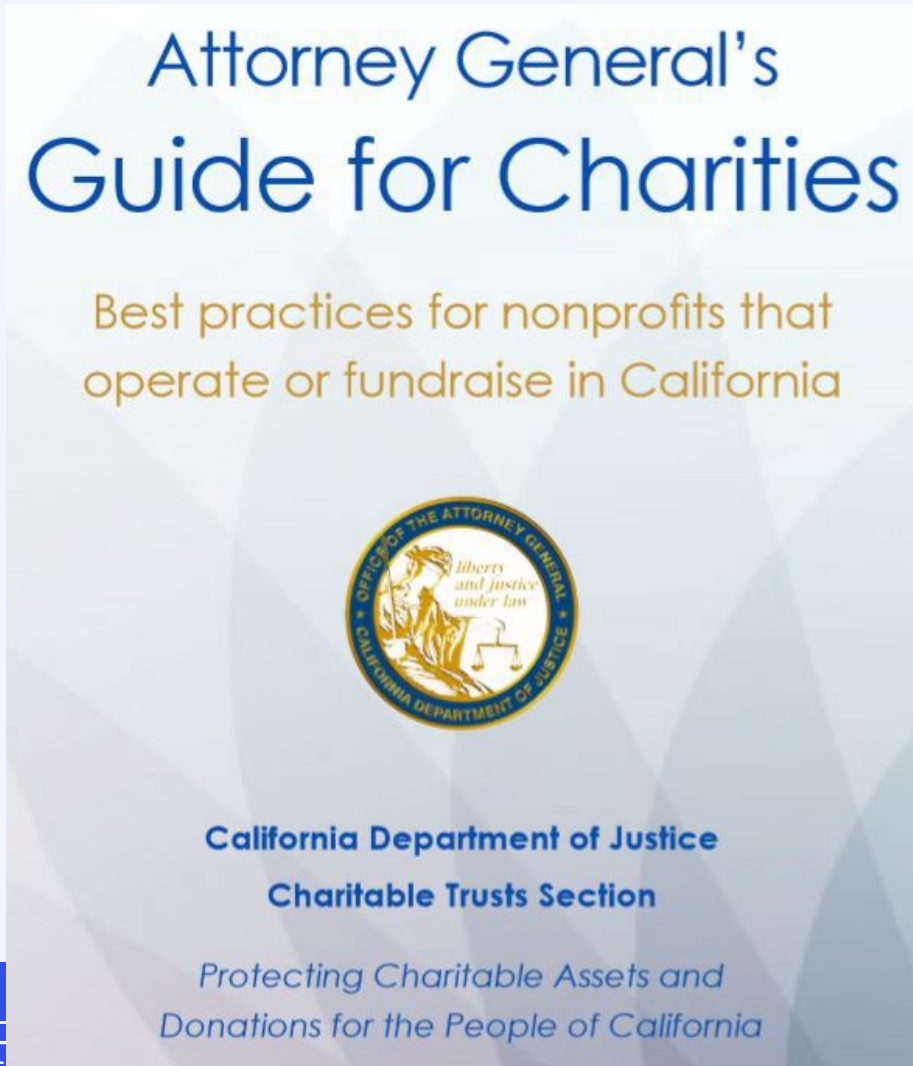
- California law and city and county ordinances provide that it is a ***criminal misdemeanor*** to violate bingo ordinances, or to pay or receive a profit, wage, or salary from any bingo game.
- City ordinances, rules, and forms apply. Check your city bingo ordinance.

Bingo, cont.

Operation of Bingo generally requires: (Research your specific city and county requirements)

- Only operated by a California tax-exempt nonprofit organization (Proof = FTB Tax Exempt Determination Notice/Letter)
- Completion of the licensing application and receipt of a valid license from the city, and where applicable the county, prior to conducting any games
- Minors are prohibited from any participation in any bingo game
- Total value of prizes awarded cannot exceed \$250 in cash or kind, for each game held

Forming a Nonprofit - Booster Club or Parent Organization



- Great Resource

https://oag.ca.gov/sites/all/files/agweb/pdfs/charities/publications/guide_for_charities.pdf

Checklist: Forming a Booster Club or Parent Organization – The Basics

STEP ONE

- Determine the name of the booster club or parent organization.
- Obtain district site principal or designee approval. Revise if needed.
- Elect booster club or parent organization officers.

Checklist: Forming a Booster Club or Parent Organization – The Basics, cont.

STEP TWO

- Prepare a constitution and bylaws.

STEP THREE

- Prepare and file Articles of Incorporation.
- File a Statement of Information with the California Secretary of State. (Form SI-100) see <https://bizfileonline.sos.ca.gov/>

Checklist: Forming a Booster Club or Parent Organization – The Basics, cont.

STEP THREE, cont.

- Obtain an Employer Identification Number (EIN).
<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
- Apply for federal tax exemption with the Internal Revenue Service (IRS).
Form 1023 <https://www.irs.gov/pub/irs-pdf/f1023.pdf>
- Apply for California tax exemption with the California Franchise Tax Board (FTB). **Form 3500 or 3500A** <https://www.ftb.ca.gov/forms/misc/3500.pdf>

Checklist: Forming a Booster Club or Parent Organization – The Basics, cont.

STEP THREE, cont.

REMEMBER - Parent organizations and booster clubs (nonprofits) need both federal and state tax exemptions to conduct certain fundraisers (e.g., raffles).

- File the initial registration form with the California Attorney General's Registry of Charitable Trusts. <https://oag.ca.gov/charities>

Naming Your Booster Club or Parent Organization

- A booster club or parent organization's name may not imply any form of responsibility of the district, school site, or ASB.
- It is recommended not to use the name of the school or school mascot in the name of the booster club or parent organization but if used, must add "Booster" to the name.
- Must not use the school or district address on its letterhead or any correspondence.
- Should create a unique logo/mascot, separate and distinct from the school site logo or the district logo.

Membership in Booster Clubs or Parent Organizations

- Membership is limited to parents, community members, and school staff. Students may not be members but may volunteer.
- Membership fees may not be required for membership in the parent organization or booster club.

Membership in Booster Clubs or Parent Organizations, cont.

- **Fees must never be required from students or from parents of students for the student to participate in school activities.**
- A booster club or parent organization may not unlawfully discriminate against any parents, community members, or staff who wish to participate in the booster club or parent organization's activities.

Protect Against Conflict of Interest Allegations

- District school staff members CANNOT sign booster club or parent organization checks or invoices for clubs located at the site at which they work.
- Any district employee, coach, or teacher whose own children may benefit from the operations of a booster club or parent organization may not serve as an officer in that booster club or parent organization.

Electing Officers - Tips & Pointers, Best Practices

- All booster club or parent organization officers should be elected annually.
- All booster club or parent organization officers must provide complete contact information to the school principal or designee.
- The school principal or designee must be notified in writing of any change in booster club or parent organization officers.

Electing Officers - Tips & Pointers, Best Practices, cont.

- All members of a booster club or parent organization's executive board are legally obligated to be prudent and reasonable in conducting themselves to preserve parent organization or booster club funds and legally protect the organization.
- All booster club or parent organization executive board members must actively participate in the management of the parent organization or booster club including attending meetings, evaluating financial reports, and reading minutes.

Electing Officers - Tips & Pointers, Best Practices, cont.

- Compensation:
 - No member, management, executive, governing board member, committee member, etc. should be compensated to participate in the booster club or parent organization.

Electing Officers - Tips & Pointers, Best Practices, cont.

- District employees may not serve on the executive board for any booster or parent organization located at the site at which they work. This includes holding any booster club or parent organization board or officer positions such as:
 - Treasurer
 - Bookkeeper
 - Fundraising chairperson
 - Check signer
 - Person designated to collect any fees, donations, checks, or cash

Governance – Committees

Audit Committee

- Annual internal reviews or independent external audits of the booster club's or parent organization's financial records must be conducted.
- The annual review should be performed by at least two individuals who are independent from the booster club's or parent organization's day-to-day financial activities. If two independent individuals are not available, the treasurer may conduct the review with one other independent individual. All review reports should be signed by those conducting the review and the organization president.

Governance – Committees, cont.

Audit Committee, cont.

- An annual external audit conducted by a certified public accountant is highly recommended.
- All financial discrepancies discovered during the review or audit must be brought to the booster club or parent organization president's attention. A plan for resolving all review or audit exceptions and financial discrepancies must be proposed to the booster club or parent organization's governing board immediately.

Governance – Committees, cont.

Audit Committee, cont.

- The organization must make all booster club or parent organization financial records available upon request of the audit committee, any organization board members or the school site principal or designee.

Payments to District Employees

- Booster clubs and parent organizations **MAY NOT make direct payments** to any district employee for services performed for the booster club or parent organization.
 - This prohibition includes payments in the form of gift cards.
- If a booster club or parent organization wishes to compensate a district employee (e.g., a coach for services provided at a summer camp), the booster club or parent organization must consult with the school site principal or designee for the appropriate steps to do so through the district payroll.

Internal Controls

Booster clubs and parent organizations need internal controls just as do ASBs, school districts and any other well-managed business.

Because booster clubs and parent organizations tend to experience a higher turnover of management and business staff, consistently following good business practices and internal controls can be challenging.

Such turnover, the collection of a lot of cash, and many other factors make booster clubs and parent organizations good targets for financial fraud.

What are Internal Controls?

- Policies and procedures designed to provide the governing board and management with reasonable assurance that the district, including ASB, achieves its objectives and goals. They include:
 - Segregation of duties
 - Limiting access to assets
 - Management review and approval
 - Reconciliations
 - Maintaining established policies, procedures and standards of conduct
 - Ensuring appropriate management tone
 - “Tone at the top”
 - Ensuring efficient and effective accounting and business practices, policies and procedures

Internal Controls Resource

To further assist in establishing and maintaining proper internal controls, accounting policies and procedures, and other forms of best practices, we strongly recommend a free PDF copy of the Fiscal Crisis and Management Assistance Team (FCMAT) *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* at www.FCMAT.org.

The FCMAT manual contains many useful checklists, forms, policies and procedures, and other information that you may find very applicable, adaptable, and useful for the successful operation of your booster club or parent organization.

Examples of Internal Controls

- Complete purchase order/requisition prior to purchase
- Never pay expenses out of cash receipts
 - Deposit cash and then write a check
- Keep the checkbook and extra check stock in a safe, secure place
- Void checks that are incorrect or not issued
- Never sign checks in advance -- have at least one backup signer (but can be more)
- Use checks in proper sequence
- Never make check out to “cash”
- Ensure checks have two signatures

Examples of Internal Controls, cont.

- Receive the service/product/goods before making payment
 - Original documents/receipts exist and proper authorization obtained
- Maintain a record of each meeting and the action(s) taken in them
- Reconcile bank statements within two weeks of receipt, with proper review and approval afterward
- Always use cash controls
 - Pre-numbered receipt books or tickets
 - Adequately control where cash controls are stored
- Ensure financial statements are submitted and complete
- Maintain effective filing systems and records management
- Verify that proper signatures exist on all cash collection forms

Examples of Internal Controls, cont.

- Dual cash counts
 - Always count funds with a witness/countersign deposit forms
 - **Use tamper-proof sealed plastic bank bags at all levels of custody**
- Endorse all checks – “For Deposit Only ...”
- Do not leave funds unattended on a desk
 - If the person who normally receives cash is unavailable, assign another individual and ensure they double count all cash
- Make timely deposits: daily if possible, but at least every 2-3 days
 - Never leave undeposited money over weekends or holidays
- Never make payments to district employees including cash, check, or gift card. (Doing so can cause serious IRS payroll tax issues for the organization, the employee, and the district whether or not you issue a 1099.)

Examples of Internal Controls, cont.

- Always report overages and shortages in cash controls AND cash
- Maintain budgets for all activities
- Ensure proper cash handling and physical chain of custody for all cash receipts
- No commingling of receipts from separate events
- Immediately deliver proceeds from all events to the bookkeeper
- Use pre-numbered tickets, receipt books, or tally sheets (e.g., cash controls) at all events
- Complete cash receipts and deposit documentation for fundraising events, concession sales, and other events
- Use cash boxes

Examples of Internal Controls, cont.

- Safe storage is a MUST
 - The safest place for money to be is in the bank
 - Second safest place for money is a SAFE
- If you cannot deposit the money in the bank that day - **PUT THE MONEY IN THE SAFE WITH A WITNESS PRESENT!!**

What's a Consultant?

- Not an employee
- Independent from the booster club or parent organization
 - Disc jockey
 - Photographer
- Is not paid as an employee in ANY other capacity
 - If the proposed consultant is already a booster employee, they cannot be paid as a consultant for this work
- Booster club must pre-approve the expense before the work occurs
- Paid directly by booster with a vendor check
- Fills out W-9 prior to working
- Income reported on IRS Form 1099 annually

Alcohol is Prohibited!

Possession and Sale of Alcohol

- NO ALCOHOL IS ALLOWED AT ANY BOOSTER CLUB EVENT ON DISTRICT PROPERTY.

California Business & Professions Code Section 25608(a) states:

“Every person who possesses, consumes, sells, gives, or delivers to any other person, any alcoholic beverage in or on any public schoolhouse or any of the grounds of the schoolhouse, is guilty of a misdemeanor.”

- This prohibition includes possession and consumption of alcohol and alcohol prizes, gift baskets and auctions.

Tobacco is Prohibited!

Possession and Sale of Tobacco

- NO TOBACCO IS ALLOWED AT ANY BOOSTER CLUB EVENT ON DISTRICT PROPERTY.
- Under California Health and Safety Code Section 104420 and California Labor Code Section 6404.5, United States Code Section 6083, the use of any form of tobacco products at any time in district-owned or leased buildings is prohibited on district property and in district vehicles.
 - The prohibition of tobacco applies to all employees, students, and visitors at any school-sponsored instructional program, activity, or athletic event held on or off district property.

Questions?



Thank You For Attending