

# **Desert Sands Unified School District**

## **School-Connected Organizations/SCOs Handbook**

September 13, 2019

## TABLE OF CONTENTS

<b>I. Operating Requirements</b>	
A. Basic Requirements of School-Connected Organizations (SCOs) . . . . .	4
<b>II. General Guidelines and Information</b>	
A. Purpose of a School-Connected Organization . . . . .	6
B. Formation of a School-Connected Organization . . . . .	6
i. SCO Approval . . . . .	6
ii. Naming of the Organization . . . . .	6
iii. Tax Information . . . . .	6
iv. Sales and Use Tax Laws and Obtaining a Sellers' Permit . . . . .	8
v. Banking Information . . . . .	8
vi. Insurance Requirements . . . . .	9
vii. Limit of Liability . . . . .	9
C. SCO Organization . . . . .	11
i. Constitution and By-Laws . . . . .	12
ii. Election of Officers . . . . .	12
iii. Audit Committee . . . . .	14
iv. Standard for Meetings . . . . .	14
v. Dissolution of Organization . . . . .	15
D. Operating Procedures . . . . .	16
i. Purchases for Schools . . . . .	16
ii. Purchases for the SCO . . . . .	16
iii. Hiring Request and Payment of Salaries . . . . .	16
Hiring Request (Employees) . . . . .	17
Payment of Salaries . . . . .	17
Non-Employee Volunteers . . . . .	17
Hiring Request for Walk-on Coaches . . . . .	17
iv. Consultants/Independent Contractors . . . . .	17
v. Determining an Employee versus Consultant/Independent Contractor . . . . .	18
vi. Use of School Facilities . . . . .	18
vii. Gifts and Awards . . . . .	19
viii. Relationship and Interaction with District Personnel . . . . .	19
ix. Other Requirements . . . . .	19
E. Fundraising . . . . .	20
i. SCO Food Sales . . . . .	21
ii. Bingos, Raffles, and Auctions . . . . .	21
Bingos . . . . .	21
Raffles . . . . .	21
Auctions . . . . .	22
F. Financial Procedures . . . . .	23
i. Budgets and Budget Management . . . . .	23
ii. Financial Reporting to the Membership . . . . .	23
iii. Financial Reporting to the District / School Site . . . . .	23
iv. Cash Receipts . . . . .	23

v.	Disbursement of Funds .....	23
vi.	Petty Cash .....	24
vii.	Bank Deposits .....	24
viii.	Bank Reconciliation .....	25
ix.	Internal Controls .....	25
x.	1099 Requirements .....	26
xi.	Annual Audit Requirements .....	26
xii.	Retention of Records .....	27
G.	General Do's and Don'ts of SCOs .....	28
H.	Questions and Answers .....	29

**III. References and Forms**

A.	Board Policy and Administrative Regulations .....	36
B.	SCO Manual Acknowledgement Form .....	39
C.	SCO Hold Harmless Agreement .....	40
D.	Application for SCO .....	41

## **Basic Requirements of School-Connected Organizations (SCOs)**

School-Connected Organizations (SCOs) are parent-run organizations formed primarily to assist student groups with obtaining resources for events, supplies, equipment and various fees and expenses. SCOs are separate from the District and they are not under the control of or the responsibility of the site administrator, superintendent or governing board. Accordingly, their funds are not controlled by the district or the students. Similarly, they should not be involved in administering or supervising the activities of student organizations.

Since SCOs exist for the sole purpose of providing benefits to the students and activities in schools, they can only exist as a legitimate tax-exempt entity if the school and district approve. The District, principal or site designee reserves the right to approve or not approve any organization as a qualified SCO, and reserves the right of revocation during the school year of any SCO with cause.

To meet statutory requirements, the Desert Sands Unified School District (District) has policies and regulations requiring SCOs to do the following:

1. Submit for approval annually, a completed application with required documentation, including an updated plan of activities and its Board officers.
2. Each officer must submit a signed Acknowledgement Form (see Forms section).
3. A Hold Harmless Agreement must be completed by the President of the board (see Forms section).
4. Be in compliance with all District Policies and Regulations.

SCOs must also comply with the following rules or their approval may be terminated:

1. Must not imply any form of responsibility on the part of the District, school or ASB.
2. Obtain its own tax identification number; they are NOT allowed to use the school or District tax identification number.
3. Responsible for their own tax status, accounting and financial records.
4. Must not commingle their funds with ASB funds.
5. Carry their own liability insurance in an amount equal to or exceeding the minimum determined by the District.
6. Prepare and distribute periodic Treasurer's Reports.
7. Prepare and distribute minutes of meetings.
8. Maintain its own bank account separate from the District and/or ASB.
9. Obtain approval for all fundraising activities.
10. Rules and regulations developed for the organization must conform to the law, the Board of Education's policies and regulations, and the school site's policies and procedures.
11. All SCO members must be made aware that no individual should personally benefit from the organization's activities and this should be made part of the by-laws.

12. If an SCO decides to operate a bingo or raffle activity, they must comply with California Penal Code Sections 320.5 and 326.5.
13. SCOs' ability to use school facilities at K-12 districts is regulated by California Education Code 38130-38139, known as the Civic Center Act.
14. SCO members must not engage in unlawful discrimination.

In most cases, donations to SCOs can only be legally deducted if the organization is officially approved by the IRS as a 501(c) (3) tax-exempt organization. Other restrictions apply and each donor should consult their own tax advisor. It is the organization's responsibility to be both knowledgeable and compliant with all state and federal laws.

SCOs are encouraged to contact the Internal Revenue Service and the Franchise Tax Board in order to obtain a tax-exempt status for their organization. State and Federal forms and further information can be found at references in the Tax Information section.

This summary is intended as an overview only for SCO organizers. The following attached manual provides more in-depth information regarding the operation of an SCO. We recommend using it, as needed, for guidance of the rules and regulations affecting each SCO.

## **Purpose of a School-Connected Organization**

SCO are composed of parents, community members, and staff members coming together for the purpose of supporting specific school activities for the benefit of students such as athletic teams, debate teams, and musical groups, etc. They are an important means of connecting parents and other community members with the curricular and co-curricular activities of students, and the District Board of Education welcomes and encourages parental interest and participation.

SCOs are separate from school districts with which they are associated and are not governed by Education Code. SCOs do not have free access to schools and their students. The District Board of Education and administration have, and must maintain, exclusive control and management of its public school system.

9/13/2019

## **Formation of a School-Connected Organization**

### **SCO Approval**

In order to fulfill its legal and fiduciary requirements, the District or site designee must approve all SCOs. All SCOs are required to submit an application annually, whether new or continuing. Any request for approval must include a completed application with all required documents.

SCOs are not permitted to operate until final approval is received from the school principal or site designee. Authorization shall be granted for a period of up to one fiscal year, beginning on July 1 and ending on June 30, but may be revoked by the Superintendent or designee if considered necessary. Requests for continuing authorization must be presented annually, and are due to the school administration by September 30.

Organization members and their board should be aware that no individual should personally benefit from the activities conducted by the organization.

### **Naming of the SCO**

A SCO name may not imply any form of responsibility on the part of the District, school or ASB. An SCO creates and maintains its own identity. The name of the school is not allowed to be used in the name without the addition of the word "SCO" or "parent-teacher organization (association)" attached to the name. SCOs may not use the school or District address on its letterhead or for any other correspondence.

### **Tax Information**

SCOs are not legal components of the school district and each club must have its own tax identification number. All SCOs should apply for tax-exempt status as a 501(c) (3) non-profit. This is required for donations to be legally deducted by donors. Individual donors should consult their own tax advisor for additional tax advice. All necessary forms are obtained through the Internal Revenue Service (IRS) and

the California Franchise Tax Board. State and Federal forms and further information can be found on the following Web sites:

***Employer Identification Number***

IRS Form SS-4, "Application for Employer Identification Number"

Instructions: <http://www.irs.gov/pub/irs-pdf/iss4.pdf>

On-line application: <http://www.irs.gov/businesses/small/article/0,,id=102767,00.html>

***Tax-Exempt Status - Federal***

IRS Publication 557, "Tax-Exempt Status for Your Organization"

IRS Rules & Procedures: <http://www.irs.gov/pub/irs-pdf/p557.pdf>

IRS Form 1023, "Application for Recognition of Exemption Under Section 501(c) (3) of the Internal Revenue Code" or IRS Form 1023-EZ, "Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code" (generally applies if the organization raises \$50,000 or less annually)

Instructions: <http://www.irs.gov/pub/irs-pdf/i1023.pdf>

Application: <http://www.irs.gov/pub/irs-pdf/f1023.pdf>

***Note: Upon approval, the IRS will issue a determination letter that recognizes the SCO's 501(c)(3) nonprofit, tax-exempt status. SCOs cannot legally furnish donors with receipts for a charitable tax deductible donation unless they have obtained this type of official determination letter from the IRS.***

***Tax-Exempt Status - State***

To apply for California tax-exempt status, use form FTB 3500, "Exemption Application" or FTB 3500A, "Submission of Exemption Request"

FTB 3500, "Exemption Application"

Application & Instructions: <http://www.ftb.ca.gov/forms/misc/3500bk.pdf>

FTB 3500A, "Submission of Exemption Request"

Application & Instructions: <http://www.ftb.ca.gov/forms/misc/3500a.pdf>

***Note: FTB 3500A can only be used by organizations that have a federal determination letter under Internal Revenue Code (IRC) Section 501(c)(3).***

## **Annual Required Filings**

Generally, an approved 501(c)(3) tax exempt organization is required to file the following with the Internal Revenue Service (based on gross receipts of the organization):

0 - \$50,000	Form 990 - N
\$50,000 - \$200,000	Form 990 - EZ
Over \$200,000	Form 990

California requires a postcard filing for earnings under \$25,000. Over \$25,000 requires a Form 199. All 501(c)(3) organizations in California are required to register with the California Attorney General's office and annually file a form RRF-1.

Additional IRS tax information may be found at:

<http://www.irs.gov/charities/article/0,,id=96109,00.html>

## **Sales and Use Tax Laws & Obtaining a Seller's Permit**

SCOs are not sales tax exempt, unless they have filled out the proper application forms from the California Franchise Tax Board. Organizations that have applied for and received a letter of exemption from sales tax do not have to pay sales and use tax when they buy, lease or rent taxable items that are necessary to the organization's exempt function. No item purchased tax-free by an exempt organization can be used for the personal benefit of a private party or other individual.

Any SCO planning to conduct fundraisers involving the sale of goods or merchandise must obtain a California seller's permit. This is true even if the sales are not taxable. This includes, but is not limited to, the operation of concession stands and selling of school spirit clothing or other items.

SCOs may not use the seller's permit of another SCO or the District's sales permit number. Sales by an SCO are generally taxable.

For more information on obtaining a seller's permit, or on sales and use tax, you may contact the California Board of Equalization at [www.boe.ca.gov](http://www.boe.ca.gov) or call 1-800-400-7115. Information can also be found on the following web-sites:

Publication 73, "Your California Seller's Permit": <http://www.boe.ca.gov/pdf/pub73.pdf>

Publication 18, "Nonprofit Organizations": <http://www.boe.ca.gov/pdf/pub18.pdf>

## **Banking Information**

SCOs must have their own bank account. Comingling of SCO funds and ASB funds is prohibited. To open a bank account, the SCO must first obtain an Employer Identification Number (EIN) from the IRS (See the



Tax Information section above). The SCO shall use their official name on its checks and on its literature (refer to page 6 “Naming of the School-Connected Organization”).

It is suggested that at least two officers sign each disbursement for proper internal controls. All funds received should be receipted and deposited on a weekly basis. The treasurer should reconcile the bank statement monthly and prepare a monthly financial report to be reviewed and signed off by a second executive officer, and distributed to the membership for periodic review.

### **Insurance Requirements**

District liability for conduct and activities of an organization established for the purpose of supporting the district may be based upon the nature of the relationship between the two entities. That relationship may be contractual or based on the amount of District control or on the fact that the District is the beneficiary of the organization’s activities. Therefore, it is likely that a lawsuit based upon an activity of the organization will also name the District and seek a finding of joint liability. Whether the District is appropriately named or not, the District will incur legal expenses in defending the lawsuit.

The District requires SCOs to provide a Certificate of Liability Insurance with the minimum required limits of coverage listed on the certificate and below:

General Liability: \$1,000,000 (per occurrence)

**It is additionally recommended that SCOs maintain Crime Coverage or a Fidelity Insurance Bond in an amount enough to cover total SCO cash assets.**

You may use any insurance company of your choice; however, the following are two websites that may provide assistance:

[www.SCOclubs.org](http://www.SCOclubs.org)

[www.rvnuccio.com](http://www.rvnuccio.com)

The certificate must indicate the Desert Sands Unified School District endorsed as “additional insured,” and have the name of the school in the description area. In addition to the Certificate of Insurance, the Endorsement Page (including the District named as an additional insured) will be required. Any questions relating to insurance requirements should be directed to the District’s Risk Manager.

When using school facilities, the District may, at its discretion, require a higher level of coverage based on the type of use requested, such as athletic activities and large events. The District may more effectively limit its exposure by adequately supervising and monitoring the activities of an SCO.

### **Limit of Liability**

The SCO is not a school sponsored activity and membership and participation in its activities are purely voluntary. SCOs are separate from the District. SCOs are not under the control of, nor are they the responsibility of, the school or District administration, or the Board of Education. SCO funds are not

controlled by the District or students. Likewise, SCOs will not be involved in the administering or supervising of the activities of student organizations. SCOs should not cause others to believe it is in charge of or has any responsibility for school activities, especially within the sport or activity the SCO supports.

This manual establishes policies and procedures to be followed by SCOs operating within the Desert Sands Unified School District. School site and District administration may advise SCOs on management, policies and procedures, and may review and/or audit SCOs' financial statements to ensure the SCOs' financial integrity. However, the district assumes no accountability or liability for the operation and management of SCOs. Any financial obligation incurred by an SCO shall be solely that of that organization.

**The SCO Board President is required to sign a hold harmless agreement as part of the SCO application process.**

## SCO Organization

### Organization Documents

SCOs must create and file Articles of Incorporation with the California Secretary of State. There are many options of what to include in the Articles, but there are some minimum requirements. IRS Publication 557 and the Instructions for IRS Form 1023 provide guidance on these minimum requirements.

The following are suggestions for items to include in the SCOs organizing documents:

### Constitution

A constitution should minimally include the following elements:

1. Name and purpose of the organization.
  - a. Statement that the organization is a “public benefit corporation” organized and operated exclusively for the purposes within the meaning of Internal Revenue Code section 501(c)(3).
  - b. Statement that the organization will not attempt to influence legislation, and will not participate or intervene in any political campaign on behalf of any candidate for public office.
  - c. Statement that no part of the net income or assets of the organization will ever inure to the benefit of any director, officer, or member of the organization or to the benefit of any private person.
  - d. Statement that upon dissolution of the corporation, all debts and liabilities will be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable, educational, and/or religious purposes and which has established its tax-exempt status under Internal Revenue Code section 501(c)(3).
2. Membership and Tenure.
  - a. Who can join?
  - b. How many members?
  - c. What officers?
  - d. Who has voting rights?
  - e. What are the procedures for removing someone from office?
  - f. How long will they be allowed to serve?
  - g. Will they be allowed to serve consecutive terms? If so, how many?
  - h. How will unexpired terms be filled when vacancies occur?
3. Executive Board or Officers.
  - a. Positions and duties of each position defined
  - b. Position and term limitations (recommended not to serve for more than two consecutive fiscal years in any one position)
4. Method of amendments to the constitution.
  - a. By who

- b. By petition of \_\_ percent of members
  - c. By ballot
- 5. Adoptions or ratification of constitution and any subsequent amendments.
  - a. Shall require (percentage) vote of (Executive Board)

## **Bylaws**

Bylaws should minimally include the following elements:

1. Duties and powers of Executive Board and Officers.
2. The composition and membership of committees.
3. Successions.
4. Elections and qualification for office.
5. Finances.
  - a. Statement of internal controls, authorization of financial activities
  - b. Who shall approve prior to any commitment
  - c. Statement determining distribution of assets upon dissolution; should align with framework of the organization original purpose.
6. Meeting schedule.
  - a. For regular and special sessions
  - b. Time, manner, and frequency
  - c. What constitutes a quorum
  - d. Who shall conduct meetings

The bylaws could state that vacancies of elected officers are to be filled by the person with the next highest number of votes in the most recent election, and that all replacement officers may only finish the term of the person replaced. Organizations may also want to define the procedures for resignation, e.g., a letter to the chairperson, and/or establish criteria for terminating officers who fail to attend meetings, e.g. missing two consecutive scheduled meetings without cause or proper notice to the chairperson.

## **Election of Officers**

The election of officers for an SCO should occur on an annual basis. At a minimum, they shall elect officers for the position of president, vice-president, secretary, and treasurer. These officers will make up the executive board. Each member of the executive board is required to ensure the SCO procedures and operating practices are financially and legally sound, and in conformance with all rules, regulations, laws, ordinances, and statutes applicable to the organization. As a member of the executive board, an individual is legally obligated to be prudent and reasonable in conducting himself to help preserve and protect the organization. Executive board members must actively participate in the management of the organization including attending meetings, evaluating reports, and reading minutes.

Each officer is required to sign an acknowledgement form certifying the officer has read the School-Connected Organization Manual. Signed acknowledgement forms should be submitted, with the

completed SCO application, to the school principal or site designee before the first SCO activity of the school year. The acknowledgement form is located at the back of this manual.

### President

Typically, the president of an SCO is an individual who has previously been active in the organization. The major duties include, but are not limited to, the following:

1. Preside at all meetings of the organization.
2. Regularly meet with the designated campus representative regarding SCO activities.
3. Resolve problems in the membership.
4. Regularly meet with the treasurer of the organization to review the organization's position. The financial information should be reviewed on a monthly basis.
5. Select an officer as the designee, other than the treasurer, to receive bank statements through the mail at their home address. This individual shall not be a signer on the account. Upon receipt, the designee should review the activity on the bank statement and canceled checks for reasonableness. This provides an independent review by an individual not associated with disbursement activity.
6. Schedule annual audit of records or request an audit, if the need should arise during the year.
7. Submit annual financial statements to the school site administrator.

### Vice-President

The vice-president acts as the president's representative in his/her absence. They must remain familiar with the organization. The major duties include, but are not limited to, the following:

1. Preside at meetings in the absence or inability of the president to serve.
2. Perform administrative functions delegated by the president.

### Secretary

The secretary is responsible for keeping accurate records of the proceedings of the SCO and reporting to the membership. The secretary must ensure the accuracy of the meeting minutes and have a thorough knowledge of parliamentary law and the organization's procedures. The major duties include, but are not limited to, the following:

1. Report on any recommendations made by the executive board of the SCO.
2. Maintain the records of the minutes and any standing committee rules, current membership, and committee listing.
3. Record all business transacted at each meeting.
4. Maintain records of attendance of each member.
5. Conduct and report on all correspondence on behalf of the organization.

## Treasurer

The treasurer is the authorized custodian of the funds of the SCO. The treasurer receives and disburses all monies indicated in the budget, or as authorized by action of the organization. All persons authorized to handle funds of the SCO should be covered by a fidelity insurance bond in an amount based on the organization's annual income and determined by the executive board; the fidelity/crime insurance bond should cost under \$100. The major duties include, but are not limited to, the following:

1. Serve as chairperson of the Budget and Finance Committee, if prescribed.
2. Issue a receipt of monies received and deposit said amounts on a weekly basis (daily, if receipts on hand exceed \$250).
3. Prepare a current financial report including bank statements, bank reconciliations, and financial statements within thirty (30) days of the previous month's end. Copies should be available for review by the general membership.
4. File current financial reports at the end of each semester (December and June) with the executive board.
5. Maintain accurate and detailed account of all monies received and disbursed.
6. File sales tax reports as required by the State Controller's office (monthly, quarterly, or annually).
7. File annual IRS form 1099 in a timely manner. (See "Consultants" section)
8. Submit records to the audit committee appointed by the organization upon request or at the end of the year.

## **Audit Committee**

At the end of the fiscal year, an audit of the SCO's financial records should be conducted. The audit should be performed by individuals who are independent from day-to-day financial activities. Ideally, this audit should be performed by a group of three individuals; however, if the membership size does not allow, the audit may be performed by two individuals. The audit committee shall make a report to the general membership upon completion of the audit. Any discrepancies noted shall be brought to the attention of the president of the organization and a resolution reached prior to presentation. All officers of the organization shall make records available, as requested by the committee. As an alternative to an audit committee, an audit may be conducted by an outside party, such as a CPA.

## **Standards for Meetings**

Notice of all meetings should be provided to the school's activities office to be published seventy-two (72) hours prior to the meeting date. The notice should clearly indicate the date and time of the meeting and the items to be discussed. The SCO may use school facilities only with prior approval of the principal or site designee.

## **Dissolution of SCOs**

To dissolve an SCO, a resolution shall be adopted by the organization (or the executive board, if the organization is inactive) stating that the question of such a dissolution be submitted to a vote at a special meeting of the members having voting rights. At least fourteen (14) days prior to the meeting, a written or printed notice shall be given to activities/athletics office stating that the purpose of such meeting is to consider the advisability of dissolving the organization. The SCO must determine the distribution and usage of treasury monies and other assets before dissolution. In order to comply with Internal Revenue Service guidelines, care should be taken to ensure that excess funds are distributed within the framework of the organization's original purpose –i.e. band SCO funds would remain with the musical program at that particular campus. Any other distribution of funds could void the organization's tax exempt status and force it into a fully taxable situation. **This must be noted in the organization's bylaws.**

The District, principal, or site designee reserves the right to revocation of any SCO with cause.

## **Operating Procedures**

### **Purchases for Schools**

SCOs by nature are designed to assist the school and/or ASB, and assistance may come in the form of donations such as cash, supplies, equipment, and transportation. Donations to the school shall be processed in accordance with board approved policies and procedures. Donations to the ASB or an ASB club will be accepted by the ASB's student council. Donations to a school or the District will be accepted/approved by the Board of Education of the District.

When an SCO wishes to give the ASB or one of its clubs money for supplies or equipment, the SCO will first donate the funds. In making the donation, the SCO should clearly indicate the purpose of the donation. The purchase will then be carried out through the District's purchasing system by an authorized agent of the District, and in accordance with District purchasing guidelines and statutory laws. It is recommended that all purchases of equipment for District use be made by the District through donations to adhere to District standards. When supplies or equipment is purchased from donated funds, it becomes the property of the school and District. All equipment and supplies purchased for a school must be shipped to a school district address. An SCO address will not be used for purchases for schools made from donated funds.

An SCO may also donate funds to the ASB or the school for transporting students to events. A field trip request form will be completed by the school in conjunction with the event. The District's Fiscal Services Office will invoice the SCO for the cost of the transportation. In no event will an SCO be permitted to remit payment directly to the transportation department, nor will they be permitted to contract for transportation by an outside agency.

### **Purchases for the SCO**

Purchases for the SCO will be processed as disbursements directly from SCO funds. This includes purchases of supplies or equipment as it relates to the day-to-day operation of the SCO, as well as purchases necessary to conduct a fundraiser. As an example, if an SCO is running a concession stand, they would purchase the items to be sold from organization funds.

SCOs are not eligible for the same special or discounted pricing as received or negotiated by the District, nor can an SCO make purchases under a District contract. SCOs may, however, negotiate their own pricing or contracts from vendors of their choice. Neither the ASB nor the District is permitted to make purchases for or on behalf of an SCO. This includes purchases for fundraisers. Items necessary for a fundraiser may not be purchased through the ASB, even if the SCO provides the funding for the purchase. This would be considered comingling of funds and is strictly prohibited.

### **Hiring Request and Payment of Salaries**

SCOs may wish to pay for additional "District employees" to assist with school sports and/or activities. With advanced approval from the principal or site designee, this is allowable for a SCO to do. If an SCO plans to pay for these additional services, the procedure is as follows:



### Hiring Request – Employees

1. SCO shall request and submit a Personnel Special Assignment Form (PSAF) for approval to the principal.
2. The school site will process the PSAF through the District offices (Fiscal and Personnel).
3. The school site administrator will provide the final authorization to begin work.

*At their discretion, employees may volunteer to perform activities for SCOs during non-working hours.*

### Payment of Salaries

1. Salary payment will be processed via District Payroll after:
  - a. Receipt of the approved PSAF
  - b. Receipt of monthly extra duty timesheets signed by the principal.
2. The District will provide ASB an invoice for the salary payment, including associated fixed costs.
3. The SCO will donate the cost of salaries to ASB.
4. ASB will process and submit payment to the District.

### Non-Employee Volunteers

Volunteers should complete the online volunteer form on the District's website for clearance. There are two types:

1. Non-Supervisory
2. Supervisory (requires DOJ and FBI fingerprint clearance)

### Hiring Request for Walk-on Coaches

1. Contact Personnel for procedures.

### **Consultants/Independent Contractors**

In the course of ordinary business, consultants may be hired to assist with various projects or presentations that may be needed. SCOs should be aware of the regulations that must be followed.

*If someone is not already an employee of the school district, a determination must be made as to whether that person legally is considered an employee or an independent contractor under the IRS regulations.*

Independent contractors frequently are called consultants within the school district community. If it is determined a person is a consultant, a completed W-9 is required prior to payment for services. Please reference IRS 1099 reporting requirements for consultants. (See page 26 of the Desert Sands SCO Manual)

## **Determining an Employee vs. Consultant/Independent Contractor**

The following are IRS guidelines for making the distinction between employee and consultant/independent contractor. If the answer to any of these questions is YES, then the SCO should classify the worker as an employee, and follow the above procedures for hiring requests and payment of salaries.

1. Does the SCO provide the worker with instructions for when, where, and how to do the work?  
The following are all examples of types of instructions of how to do work and imply either independent determination by consultant or dependent status of employee:
  - a. When and where to do the work
  - b. What tools or equipment to use
  - c. What workers to hire to assist with the work
  - d. Where to purchase supplies and services
  - e. What work must be performed by specified individuals
  - f. What order or sequence to follow
2. Does the SCO provide the training for the worker? Consultants ordinarily use their own methods.
3. Does the worker realize a profit or loss? A consultant can make a profit or loss; an employee would not.
4. Is the worker's service a vital part of the SCO operations? If a worker provides services that are a key aspect of the regular business activity, it is more likely that the employer has the right to direct and control their activities, indicating an employer-employee relationship.
5. Does the worker perform services for the SCO regularly and continually? If a worker is engaged with the expectation that the relationship will continue indefinitely, rather than for a specific project or period, this is generally considered evidence that the intent is to create an employer-employee relationship.
6. Is the worker guaranteed a regular wage amount per hour, week or other period of time? Employees are generally guaranteed a regular wage per a given period of time; consultants are usually paid a flat fee for a job.
7. Does the worker make their services available to the market? Consultants usually are free to seek out business opportunities; they often advertise, maintain a visible business location, and are available to work in the market.
8. Is the worker reimbursed for business and travel expenses? Contractors are more likely to have unreimbursed expenses than are employees.
9. Does the SCO provide the equipment and tools for the worker? Contractors often have a significant investment in the tools they use to perform services for someone else.

## **Use of School Facilities**

The school principal or site designee must approve on-campus activities, including meeting times, places, dates, and fundraisers. On-campus activities cannot conflict with school schedules, school activities, or district policies, which all take precedence over SCO activities.

Should your organization require and/or desire the use of District facilities (for a meeting or other purpose), please complete a District “Application for Use of District Facilities” form. Generally this form should be submitted one month before the intended activity. Additional insurance and fees may be required.

**The sale, purchase or consumption of alcoholic beverages or tobacco products while on school property or in the presence of students is specifically prohibited.**

### **Gifts and Awards**

Student and parent gifts to school district employees are an expression of appreciation for coaching, directing, or sponsoring student activities, rather than a gift of significant monetary value. Employees shall in no way encourage students, parents, or support groups to present gifts. SCOs should not give anything (including awards) to students without prior approval from the school’s coach/advisor.

### **Relationship and Interaction with District Personnel**

The SCO must not be used to attempt to influence the sponsor’s, principal’s or other administrator’s decisions or be a lobbying group concerning matters which are duties assigned to district personnel, such as trips, staffing, and schedules. Additionally, they will not be involved in the direction of a coach or advisor, personnel issues, scheduling of contests, rules of participation, or policy making activities for a student group or extracurricular program. These administrative duties are the sole responsibility of the school and District administration.

### **Other Requirements**

- SCO members are expected to follow the same standards of conduct as District employees when chaperoning, sponsoring, or attending student activities.
- All publications and communications that SCOs send to parents and/or the community should be provided to the school site designee.
- SCOs shall not directly support political activities by providing campaign donations or placing advertisements in support of a particular candidate as doing so could jeopardize the tax exempt status of the organization. If a candidate is running for office and is invited to join a meeting, all candidates running for the office must be extended an invitation to the meeting.

## Fundraising

In accordance with Education Code Section 51521, programs, fundraisers, or other activities sponsored by SCOs must be authorized and conducted according to local board policy, laws, and school rules.

At the beginning of each school year, each SCO shall submit to the principal or site designee a list of tentative fundraising events that each organization proposes to hold that year. Amendments to the scheduled fundraising events should be submitted three weeks prior to the event. The principal or site designee shall review the proposed events and determine whether the events are in conflict with or detract from the school's educational program. No fundraising activities can begin until the SCO obtains approval from the principal or site designee.

The following are guidelines for SCO fundraising activities within the Desert Sands Unified School District:

1. A Use of Facilities request must be pre-approved at the site level prior to the submission of a fundraising request. Attach a copy of the approved facilities request form to the fundraising request.
2. Students shall not be involved in fundraising activities except as volunteers after school hours and/or off campus for the SCO organization.
3. All SCO funds are collected and maintained by the organization. The District or ASB tax identification number cannot be used. No SCO funds shall be kept in ASB accounts.
4. No coercion should be exercised in fundraising activities and no student or teacher is required to raise any particular minimum of money or sell any minimum number of tickets, etc. Under no circumstances should pressure be brought to bear on students through competition or by special recognition of sales.

Funds received from SCO fundraising activities are used to benefit the student group and school in an appropriate way. Fundraising projects for parental groups should be:

1. For the educational benefit of the student group, coordinated through the principal or site designee.
2. For a specific project, as identified in the current approved budget.
3. In connection with the established goals and philosophies of the SCO as well as Desert Sands Unified School District guidelines.
4. For the benefit of the student program that the SCO supports. The use of individual student accounts or tracking of student accounts is not allowed.

Education Code section 51520 states:

*51520. (a) 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.*

On-campus activities, especially fundraisers, should not supplant, duplicate, nor interfere with those of the school or other SCOs. The principal or site designee has the authority to limit the number or type of on-campus fundraisers.

### **School Connected Organization Food Sales**

SCOs must comply with federal and state law as well as district policies and regulations on the sale of food on school premises. SCOs are encouraged to review and become knowledgeable of applicable laws including county food handling requirements, federal and state nutritional standards, as well as the District's Wellness Policy. SCOs are one of the organizations that the district can authorize to operate the concession stands at sporting events in order to raise funds for the organization; however, the ASB is given first priority. Be aware that snack bars are subject to inspection by the County Health Department at any time.

### **Bingos, Raffles, and Auctions**

Penal Code Sections 320.5 (raffles), 319 and 326.5 (bingos), authorize, under defined circumstances, eligible organizations to conduct raffles and bingos. While it is not permissible for school districts, individual schools, or ASBs to conduct raffles, nonprofit groups such as SCOs are allowed to conduct raffles and bingos as long as the group is tax-exempt in accordance with Revenue and Taxation Code 23701(d) **and** has been licensed to do business in California for at least one year.

#### Bingos

Certain tax-exempt organizations are authorized by state law and local ordinance to raise money from bingo, provided that: (1) the proceeds are used only for charitable purposes, (2) the games are conducted by volunteer members of the organizations, (3) no salaries are paid with bingo proceeds, (4) there is no commingling of bingo money with any other funds, (5) the organization conducting bingo holds a valid license issued by the city or county in which bingo is played.

Please note the important restrictions on bingos:

- Minors (under the age of 18) are not allowed to participate in any bingo game.
- Only the members of the authorized organization can conduct, operate, or participate in the promotion, supervision, or any other phase of the bingo game.

#### Raffles

Raffles conducted by nonprofit organizations for charitable purposes are lawful under California law which took effect in 2001 (Penal Code 320.5). Ninety percent of raffle revenue must be used for a

charitable purpose or program. Charitable organizations must register with the Attorney General's Registry of Charitable Trusts prior to conducting a raffle and must annually report the results of any raffles conducted. Registration and reporting forms may be obtained from the Registry of Charitable Trusts by mail or from the Charitable Trusts website.

Please note the important restrictions on raffles:

- At least 90% of the gross receipts of the raffle must be distributed to provide support for a beneficial or charitable purpose. This means that 50/50 raffles are **not** legal.
- Detachable tickets must have identifying numbers.
- Only adults (over the age of 18) may supervise the drawing.
- The raffle may not be conducted over the Internet.

Information on how to conduct a legal raffle can be obtained by going to the California Attorney General's Web site at <http://oag.ca.gov>. Before the group can conduct the raffle, it must register with the Department of Justice and complete the annual raffle registration form at [http://oag.ca.gov/sites/all/files/agweb/pdfs/charities/raffle/ct\\_nrp\\_1.pdf](http://oag.ca.gov/sites/all/files/agweb/pdfs/charities/raffle/ct_nrp_1.pdf) by September 1 of the year in which the raffle will be held. On an annual basis, the group is required to submit a report to the Department of Justice that includes the gross receipts and expenses incurred from the operation of the raffle, as well as the charitable or beneficial purposes for which the proceeds were used.

### Auctions

An auction, on the other hand, is a group of items that have been donated or purchased that are then "sold" in a silent auction to generate donations for a specified group or activity. An auction held on a Saturday, conducted by a SCO with the sole purpose of raising donations for the school, would be acceptable as a fundraiser. Both parents and students would be able to bid on the items, since it would not occur during school hours, and is not considered gambling. However, 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.

## **Financial Procedures**

### **Budgets and Budget Management**

A budget should be developed at the beginning of the year to project expected revenues and expenses and should be revised as needed. Budgets are usually prepared for a one-year period and include the annual goals and a plan for achieving those goals by deciding the following:

- Estimated revenues - What fundraisers will be held?
- Estimated expenses - What will be the cost to conduct the fundraisers?
- Estimated ending reserves and carryover - Is there enough left over to accomplish the goals that have been outlined?

Budget monitoring is also necessary. This is the process of comparing the budget to the actual revenues and expenses at a point in time to determine whether the revenues are coming in as expected and that the expenses are not exceeding the amounts authorized in the budget. This should be done at least monthly so that there is adequate time to adjust plans. If the budget is not meeting expectations because of lower than projected revenue or higher than projected expenses, SCOs should revise the budget.

### **Financial Reporting to the Membership**

At a minimum, the organization's membership should be provided with a financial statement and bank reconciliation at the end of each semester, monthly copies should be available for review. The financial statement should provide a comparison of budgeted versus actual expenditures and receipts. Cash receipts and disbursement reports should be available for review when needed and at the annual audit.

### **Financial Reporting to the District/School Site**

SCOs are required to submit end-of-year financial statements to the SCO organization members and school site principal (and mid-year financial statements upon request).

### **Cash Receipts**

All cash collections received by the SCO for fees, dues, fundraising, etc. must be deposited in total and in a timely manner. All funds must be supported by some type of record documenting the source and amount of funds. Such documentation should be readily available for audit purposes.

### **Disbursement of Funds**

At the outset of the school year, a budget of anticipated expenditures should be developed. Prior to a disbursement, the request to expend funds should be compared with the budgeted expenditures.

Disbursements outside the scope of the budget or line items that exceed the approved budget should require a vote by the general membership. Direct payments to District employees are not permitted uses of SCO funds, nor are the purchase of alcoholic beverages or tobacco products.

Approval should be obtained for all expenditures regardless of the amount; it is recommended this be written using a disbursement voucher. The appropriate supporting documentation (invoices, receipts, etc.) should then be attached to the disbursement form and filed in check number order. At no time should a check be issued without the appropriate supporting documentation.

### **Petty Cash**

Each SCO may maintain a small petty cash account. Strict controls must be maintained by keeping petty cash in a locked box accessible by only the treasurer and one other officer. Control of the petty cash account by a District employee is not allowed. The petty cash funds should be used for emergency purchases only. All other purchases should be made with a SCO check.

Upon disbursement through the petty cash account, a receipt for the purchase should be retained. At any given time, the amount of petty cash remaining and the aggregate total of receipts on hand should equal the amount of the established petty cash account.

### **Bank Deposits**

It is recommended that deposits be made daily, if the total receipts on hand exceed \$250. All money must be deposited prior to holidays and weekends. To ensure the integrity of financial reporting, common deposit practices include:

- Separate all currency and coins by denomination and carefully count and record it in the appropriate section of the bank deposit form.
- A tape may be run of any checks included in the deposit rather than indicating the checks individually on the deposit slip. A copy of the tape should be retained with your copy of the deposit records.
- Total the deposit slip.
- Deposited receipts must be grouped together in consecutive sequence to assure all are received. Multiple receipt books should be grouped separately to provide adequate audit trails.
- Tally the pre-numbered cash receipts and make certain this receipt total matches the deposit total.
- Attach the cash receipt summary documents with a copy of the deposit slip and file in deposit date order.
- For large deposits have another individual independently count the deposit and verify the amount has been correctly recorded on the deposit slip.
- Both individuals should initial the deposit slip.
- Seal the deposit in a deposit bag in the presence of the second individual. This is called dual control and places the organization in a better position to challenge any claim that the bank may make that the deposit received was not correct.



## **Bank Reconciliation**

Upon receipt of the monthly bank statement, the balance indicated on the statement shall be reconciled to the bank account balance in the general ledger as of the last day of the month. The reconciliation should be completed within thirty (30) days of the date of the bank statement. Items that are needed for reconciliation are listed below:

- Bank reconciliation form
- Prior month's bank reconciliation
- Bank statement
- Check register and/or cash disbursement journal
- Cash receipts journal
- General ledger

## **Internal Controls**

SCOs are responsible for ensuring that proper internal controls exist for all of their financial activities. Internal controls are the foundation of sound financial management. They include the policies and procedures that an organization establishes to do the following:

- Ensure that operations are effective and efficient
- Safeguard and preserve the organization's assets
- Promote successful fundraising ventures
- Protect against improper fund disbursements
- Ensure that unauthorized obligations cannot be incurred
- Provide reliable financial information
- Reduce the risk of fraud and abuse
- Protect members and volunteers
- Ensure compliance with applicable laws and regulations
- Maintain an accurate inventory of all goods

It is critical to establish good policies and procedures relative to internal controls. Internal controls not only protect assets such as money and equipment, they also protect people. For example, establishing good internal controls for fundraising events significantly reduces the risk that anyone participating in the event will be accused of any impropriety. Internal controls include segregating duties according to members' functions so that one person is not handling a transaction from beginning to end. This is a critical part of a system of checks and balances. Functions that need to be segregated include the following:

- Those who initiate, authorize, or approve transactions
- Those who execute the transactions
- Those who record the transaction
- Those who reconcile the transaction

## **1099 Requirements**

Internal Revenue Service guidelines require that all payments for services in excess of \$600 made to a vendor or an individual by a SCO be reported on a form 1099 on an annual basis. The SCO should secure an IRS form W-9 from the provider at the time of service to ensure the organization has an accurate record of the taxpayer identification number. The organization must then issue a form 1099 to all qualifying vendors for services performed in a calendar year by January 31 of the subsequent calendar year.

## **Annual Audit Requirements**

An audit is an examination of the financial records of the SCO. It assures that all income and expenditures are accounted for and consistent with the budget and goals for the year. It also verifies that the bank balance and ledger balance are reconciled. The audit is to protect the SCO officers and the organization.

An audit should be conducted at the end of the fiscal year, when there is a change in treasurer, and when there is a change in any officer who signs SCO checks.

An audit may be conducted by an outside party, such as a CPA or an audit committee. The audit committee should be comprised of at least two members of the SCO (not the president or treasurer).

Audit procedures for the audit committee are as follows:

1. Review reconciled bank statements and canceled checks to determine that:
  - a. Disbursements have been properly documented with an invoice or receipt.
  - b. Disbursements have been properly approved.
  - c. Checks have been properly signed.
  - d. Checks have been deposited or cashed by the payee indicated.
  - e. Checks have been accounted for in the proper sequence (no missing checks).
2. Check addition and subtraction on cash receipts and deposits.
3. Compare cash receipts and deposits to the bank statement.
4. Verify that receipts and disbursements were allocated to the correct account or budget category.
5. Verify that income from sales, dues, or any other sources have appropriate backup. The total amount collected should match the amount deposited into the bank account.
6. Review the treasurer's monthly reports and check them for accuracy. Review the beginning and ending balances on reports to verify that correct ending balances were carried forward as beginning balances on subsequent reports.
7. Determine that only applicable SCO officers are authorized signers on bank account(s). Former officers should not remain on the account(s) as authorized signers. In addition, the faculty sponsor shall not be an authorized signer on the account.
8. Obtain proof that all applicable sales taxes were paid.

9. The audited financial report should be signed by all members of the audit committee and submitted to the principal or site designee (upon completion, when applicable) or following the end of the fiscal year.
10. Verify that 1099s were issued, if applicable.

### **Retention of Records**

Since voluntary organizations often suffer from the constant turnover of officers and members, it is important that the activities of the organization be clearly documented and that a procedure for retaining those documents is established. Listed below are documents that should be retained by the organization for a minimum of 4 years.

- Cash receipts
- Cash disbursements and general ledger
- Bank records
- Income tax returns
- Minutes of meetings as defined by the organization bylaws

## GENERAL DO'S AND DON'TS OF SCOS

### What to do:

- Obtain tax identification number and tax-exempt status.
- Open financial account under the aforementioned criteria. Maintain records for continued status.
- Create a logo and name to be used. School and district logos shall not be used without specific authorization of the Superintendent or District designee; SCOs have their own identity.
- Raise funds by using adult membership. Special projects may include students who volunteer.
- Maintain relationship with site personnel for input of needs.
- Donate all purchases to the school district in accordance with District policy.
- Donate funds to ASB accounts for specific student teams/groups.
- Consult District maintenance department prior to purchasing items that require installation or involve site or building improvements.
- Consult business division prior to purchasing goods or services that require on-going maintenance contracts.

### What NOT to do:

- Conduct fundraiser activities that require a student to participate.
- Co-mingle SCOs funds with ASB funds.
- Represent SCOs activities as those of the Desert Sands Unified School District or one of its schools.

## QUESTIONS & ANSWERS

### A. Purpose of an SCO

**A1. Please clarify the difference between a SCO and ASB.**

*SCOs are parent organizations run by adults with all decisions as to activities, money handling, and spending are done by the members and executive board of each organization.*

*ASBs are district sponsored organizations located at school sites. Decisions are made by student council with approval by the principal.*

**A2. If we are not a SCO, does everything go through ASB?**

*It is recommended that the parent group work in conjunction with the school site ASB for fundraising events. Please be aware, parent groups that opt to not work in conjunction with ASB, are responsible for any tax ramifications on revenues earned.*

**A3. Does DSUSD prefer or recommend a parent group be a separate SCO or be a parent group under the direction and responsibility of the school?**

*All SCOs and parent groups are distinct and separate entities from the district. The district certainly welcomes parent volunteers; contact the ASB advisor at your school site to assist as a parent volunteer with ASB activities.*

### B. Formation of a SCO

**B1. Where does the completed SCO application get turned in?**

*The school site principal.*

**B2. Who approves the SCO? Who approves the ASB?**

*SCO applications are approved at the school site. ASB clubs are approved by ASB Student Council.*

**B3. What is the deadline for submitting the SCO application to the school?**

*Applications must be submitted by September 30 of each year*

**B4. How is the SCO acknowledged by the District?**

*SCOs are required to submit an application each year to the school site. The school site will notify the SCO once their application has been approved by the Board of Education or if more information is required prior to approval.*

**B5. Where do I get the applications at the end of the school year to re-apply for the new school year?**

*Applications can be obtained from the school site or from the District's webpage, under Business Services "Documents." "Application for School Connected Organizations." An SCO application is located in the back of this SCO Manual.*

**B6. Is every club on campus required to have a SCO (e.g., chess club, Red Cross)?**

*No. ASB clubs can operate effectively without a SCO.*

**B7. Can the SCO use the school's logo?**

*No. SCOs are separate and distinct entities. They need their own identifying logo.*

**B8. How is a SCO supposed to stay separate from the school when representing our organization?**

*SCOs should have their own identifying logo. It is extremely important that SCOs and ASBs are identified as separate organizations.*

**B9. How difficult is it to become a 501(c) (3) organization?**

*It should not be a problem for most of the district's PTOs and SCO Clubs to become 501(c) (3) organizations. If annual receipts are less than \$50,000, the organization can file Form 1023-EZ, which is not difficult. Drafting and approving Articles of Incorporation may be time consuming, but not overly difficult.*

**B10. We have received our EIN. Are we required to complete IRS form 1023 as well?**

*Yes. The EIN provides an employer identification number, but does not provide any indication of tax exempt status. You must file Form 1023 (or 1023-EZ) to obtain tax exempt status.*

**B11. Where does a SCO obtain a seller's permit?**

*The California Franchise Tax Board issues seller's permits. page 8 of the SCO Manual provides information.*

**B12. Can the insurance just indicate the school as "additional insured" instead of DSUSD?**

*No. Desert Sands Unified School District needs to be listed as the additional insured on all Certificates of Insurance.*

**B13. Does DSUSD provide insurance for events held at school facilities?**

*SCOs are required to hold insurance coverage with the Desert Sands Unified School District listed as an additional insured. The minimum required limits of coverage are listed on page 9 of the SCO Manual.*

- B14. I do not have a SCO for my team. I do everything and I am the treasurer. Do I need liability insurance, tax 501(c)(3), and a bank account?**

*Absolutely, for your protection as well as the district's protection, money collected could be considered income to you by the IRS, and you and other officers could be personally liable for any potential litigation or other debts.*

### **C. SCO Organization**

- C1. Where can the SCO obtain examples of bylaws and constitutions?**

*There are many resources on the Internet, including the IRS and the California Secretary of State.*

- C2. Are the constitution & bylaws one document or are they separate documents? Can they be combined into one document if all requirements are satisfied?**

*Yes. The constitution & bylaws can be combined into one document as long as there is a section identified as bylaws.*

- C3. Are SCOs required to provide members (parents) a copy of their constitution & bylaws if requested?**

*Yes, as a member of a SCO, each individual should be able to obtain what would be considered to be public records. An organization's Constitutions & Bylaws certainly fall into that category. The constitutions & bylaws should be discussed at meetings.*

- C4. Are DSUSD employees allowed to be a SCO officer?**

*Yes, with specific approval from the district and as long as it is not at the same site at which they work.*

### **D. Operating Procedures**

- D1. Can a SCO deposit to ASB be allocated for a particular expense?**

*Donations made to ASB can be directed to a specific club or even a specific purpose. It cannot be directed to a specific student. The purpose of the donation needs to be a legal ASB expenditure and approved by the ASB student council.*

- D2. Are SCOs responsible for specific purchases such as the trophy case or CIF banners?**

*No. While many SCOs show their support in this manner, there is no "requirement" to make this purchase. This would be a local decision made by the SCO. That is certainly one example of how an SCO can provide their support and meet their 501(c)(3) goals.*

- D3. Can an SCO provide a “scholarship” to a student to help pay costs for entering a tournament the student would otherwise be unable to play?**

*No. No individual student should benefit from decisions made by the SCO. The original charter of the SCO and the State of California non-profit and incorporation documents should be reviewed as to requirements.*

- D4. Can the SCO donate to the ASB fund to upgrade what the school intends to purchase (e.g., upgrading the wrestling mats)?**

*Yes, as long as the district’s Purchasing Department and the school site agrees to the upgraded item.*

- D5. If the SCO buys team supplies and equipment and notify ASB so they can approve it and “recognize” my donation, does ASB have to approve the purchase and accept the donation?**

*If the SCO makes a purchase AND the ASB does not accept the donation, the items are returned to the SCO.*

- D6. Can you please explain the difference between “co-mingling” funds with ASB and making donations to the ASB account for club/team purchases?**

*The “co-mingling” restriction has to do with money. ASB money cannot be deposited into SCO accounts; SCO money cannot be deposited into ASB accounts. SCOs can fundraise and then make a donation of cash and/or supplies if they wish.*

- D7. When a SCO gives money to ASB, does the school ASB decide how each coach spends their money or does each coach have their own account for each sport? Is there individual sport ASB accounts or one ASB account?**

*ASB has one checking account. Within this account monies are accounted for by club/team. Expenditures are decided by each club/team and approved by the ASB Student Council. Donations made to ASB can be directed to a specific club or even a specific purpose. Final approval rests with the school site principal.*

- D8. Must all purchases be reported as donations for the District’s Board of Education’s approval (supplies/equipment, transportation)? Must all cash be reported as donations?**

*Yes and yes. The District would like to acknowledge all donations made in support of their students. When donations include supplies & equipment, it is best to make sure all parties agree and can use those items to be donated. Equipment donations should be approved by the school district to make sure ongoing maintenance concerns have been addressed before the purchase.*

- D9. How does a SCO determine what money goes to ASB?**



*That is a SCO decision. Typically there is communication between the coach and SCO as to specific needs.*

**D10. Who determines what a SCO pays for on the campus (e.g., equipment or track)?**

*For use of school/district facilities, the District Office makes this determination. For items being purchased by the SCO and donated to the school site, it is the SCO's decision; although, equipment donations should be approved by the school district to make sure on-going maintenance concerns have been addressed before the purchase.*

**D11. Does the SCO have to pay for rooms, subs, and teacher expenses on an outing?**

*Have to, no. SCOs make their own decisions as to what support they will provide.*

**D12. Can a district employee or coach receive a reimbursement directly from the SCO (e.g., buys food for the snack bar or supplies for a banquet)?**

*In emergency situations, an employee can submit receipts and request reimbursement. The best way to handle this situation would be for the SCO to make the original purchase whenever possible.*

**D13. Can the SCO withdraw cash to make purchases (e.g., to make purchases in L.A.)?**

*The better option would be for items to be purchased and reimbursement be requested. Written procedures may exist that would allow for cash to be extended in advance for purchases with receipts and change being submitted to the SCO immediately after the event.*

**D14. How do donations get acknowledged?**

*The Donation Form should be completed when making the donation and can be obtained from the school site office. The School Board acknowledges donations at board meetings.*

**D15. If a district employee is working after their scheduled district hours why would the SCO have to pay benefits for that person? Are employees allowed to volunteer time?**

*IRS regulations are strict as to payment of employees and their appropriate benefits. Certainly employees have the option of volunteering their time; however, if they are paid in any way, payment must be made via district payroll.*

**E. Fundraising**

**E1. ASB fundraising vs. SCO, who gets priority?**

*ASB fundraisers have first priority. Submission of the SCO's annual fundraiser calendar is very important for coordination.*

**E2. Can fundraising be done for future projects?**

*Yes. Fundraising activities and their purpose are decisions made by the SCO.*

**E3. Can SCO fundraisers be on school campus if after school hours?**

*All fundraisers must have approval by the school site. Fundraising activities by outside organizations are restricted until one hour after school ends.*

**E4. If the fundraiser will not take place on school property, does the SCO still have to get district approval?**

*While approval is not required, coordination of fundraising activities is strongly encouraged. Your fundraising list should be on file with the school site.*

**E5. Does the fundraising list need to be re-submitted if there is a change of site administration?**

*No, your fundraising list should be on file with the school site. It is only necessary to re-submit if there is a change of fundraisers.*

**E6. Can students participate in SCO fundraisers?**

*Students can voluntarily participate in a SCO fundraiser as long as they clearly identify that they are raising funds for the SCO and they are legally able to participate in the fundraiser (bingo, raffle, casino night, etc.).*

*Fundraisers cannot be held during the school day. The school day is considered to be one hour before the start of school and one hour after the end of the school day.*

**E7. If students want to help parents fundraise can they wear their uniforms?**

*No. Students who voluntarily participate in a SCO fundraiser cannot identify themselves with the school; they need to be identified with the SCO*

**E8. Can the SCO fundraise a tangible, non-food, item during school hours?**

*Typically SCOs are not allowed to conduct fundraisers on school campuses during school hours. SCOs can only fundraise on campus with advance permission from the principal.*

**E9. In the past SCOs have been told that if students sell it, the money has to go to ASB. Please clarify what activities, where students are involved, can have the profits go to the SCO.**

*Students can voluntarily fundraise for a SCO as long as they are legally able to participate in the fundraising event (bingo, raffle, casino night, etc.), as long as they clearly identify themselves as fundraising on behalf of the SCO and are not in competition with ASB.*

*Remember SCOs are parent/adult organizations. Most fundraising activities should be conducted by their members.*

**E10. Is it possible for two SCOs, from two different sites within DSUSD, to conduct a joint fundraiser?**

*Yes. Fundraisers are approved at the school site level.*

**E11. Does an event like a car wash need to have fundraiser approval as well as a facilities use permit?**

*All fundraisers should be on the list of fundraising activities submitted to the school site. Facilities use requests are handled at the District Office, once approved by the principal of the site. Information regarding use of school facilities can be found on the District's webpage under Business Services "Documents" "Use of Facilities Form Sample and Instructions."*

**E12. Can the SCO track parent donations, specifically to provide a tax-deduction receipt?**

*Tracking of donations is allowed for the sole purpose of providing tax-deduction receipts and for sending thank you letters. What is not allowed is the tracking of donations by students.*

**E13. Can a parent ask how much has been pledged per student? Can a parent ask how many donations have come in for a student?**

*Student tracking is not allowed. Once donations are received they should be tracked only by donator for tax purposes and for sending thank you letters.*

**E14. Does a 50/50 raffle violate the 90/10 law of fundraising?**

*Yes. Penal code 320.5 states "at least 90 percent of the gross receipts generated from the sale of raffle tickets for any given draw are used by the eligible organization conducting the raffle to benefit or provide support for beneficial or charitable purposes..."*

**E15. Can the SCO charge an annual fee to opt-out of fundraising and volunteer activities?**

*Fundraising is not required, it is voluntary. No students shall be required to pay a fee for not fundraising nor shall a student be required to raise or sell a minimum level. SCOs shall adhere to the same rules that apply to the school and students.*

**E16. What type of fees are SCOs allowed to request from students? For example, spring sports fees, transportation fees, etc.**

*Fees are not allowed to be required or requested from students. SCOs are parent-run organizations. They are formed to benefit students.*

## **BOARD POLICY AND ADMINISTRATIVE REGULATIONS**

### **SCHOOL CONNECTED ORGANIZATIONS**

#### **BOARD POLICY 1230**

The Governing Board recognizes that parents/guardians and community members may wish to organize parent organizations and/or booster clubs for the purpose of supporting the district's educational and extracurricular programs. The Board appreciates the contributions made by such organizations toward the Board's vision for student learning and for providing all district students with high-quality educational opportunities.

Persons proposing to establish a school-connected organization shall submit a request to the Board for authorization to operate within the district or at a district school.

A school-connected organization, including a booster club, parent-teacher association or organization, or other organization that does not include an associated student body or other student organization, shall be established and maintained as a separate entity from the school or district. Each school-connected organization shall be subject to its own bylaws and operational procedures or to the rules or bylaws of its affiliated state or national organization, as applicable.

In addition, activities by school-connected organizations shall be conducted in accordance with law, Board policies, administrative regulations, and any rules of the sponsoring school.

The Superintendent or designee shall establish appropriate rules for the relationship between school-connected organizations and the district.

A school-connected organization shall obtain the written approval of the Superintendent or designee prior to soliciting funds upon the representation that the funds will be used wholly or in part for the benefit of a district school or the students at that school. (Education Code 51521)

A school-connected organization may consult with the principal to determine school needs and priorities.

Any participation in fundraising activities by students and their parents/guardians and/or any donation of funds or property shall be voluntary

#### **ADMINISTRATIVE REGULATION 1230**

A school-connected organization's request for authorization to operate within the district or at a district school shall contain, as appropriate:

1. The name and purpose of the organization
2. The date of application

3. Bylaws, rules, and procedures under which the organization will operate, including procedures for maintaining the organization's finances, membership qualifications, if any, and an agreement that the group will not engage in unlawful discrimination
4. The names, addresses, and phone numbers of all officers
5. A list of specific objectives
6. An agreement to grant the district the right to audit the group's financial records, either by district personnel or a certified public accountant, whenever any concern is raised regarding the use of the funds
7. The name of the bank where the organization's account will be located and the names of those authorized to withdraw funds
8. The approval of the principal of the supporting school
9. Planned use for any money remaining at the end of the year if the organization is not continued or authorized to continue in the future
10. An agreement to provide evidence of liability and/or directors and officers insurance when and in the manner required by law

Requests for subsequent authorization shall be annually submitted to the Superintendent or designee. If the Superintendent or designee proposes to deny the request for reauthorization, he/she shall present his/her recommendation to the Governing Board for approval.

When deemed necessary by the Board or the Superintendent or designee, the authorization for a school-connected organization to conduct activities in the district may be revoked at any time.

Each school-connected organization shall abide by the following rules:

1. The organization shall not act as an agent of the district or school.
2. The organization shall not use the district's tax-exempt status and identification number. It shall be responsible for its own tax status, accounting, internal controls, financial reporting, retention of records, and other operations
3. The organization shall use a separate name and logo. Any use of a name or logo affiliated with the district, a district school, or a school team shall require the prior consent of the Superintendent or designee
4. Funds of the school-connected organization shall not be co-mingled with district funds, including associated student body funds

5. The organization shall not hire or directly pay any district employee. If a school-connected organization wishes to pay for additional and/or extracurricular services, the person to provide the services shall be hired through the district's personnel department, provided the Board approves the position. At their discretion, employees may volunteer to perform activities for school-connected organizations during nonworking hours.

At the beginning of each school year, each organization will file with the site principal a list of all proposed events for the coming year. The list shall specify which activities, if any, are designated as fund-raisers to benefit the school or the district. When, in the opinion of the principal, an activity is planned for which there is potential for high risk or increased liability, the principal will notify the Risk Management Office at least three weeks prior to the scheduled activity. The Risk Management Office will determine whether or not there is a need for additional insurance coverage. High risk activities can include, but are not limited to:

- a. Circuses
- b. Carnivals with mechanical rides
- c. Football or rugby games
- d. Donkey basketball or baseball games
- e. Martial arts
- f. Fireworks displays
- g. Events involving the use of alcohol

Organizations should not donate funds, equipment or uniforms for any school activity unless the organization comes to agreement with the principal and staff that the funds, or equipment are needed and that no funds are available from the district for the stated purpose. The principal shall reject the offer if the program does not need the funds or equipment.

**DESERT SANDS UNIFIED SCHOOL DISTRICT**

**SCO Manual Acknowledgement Form**



As an elected officer to an SCO operating within the Desert Sands Unified School District, I certify that I have read the Desert Sands Unified School District SCO Manual. I understand the procedures outlined in this manual and will adhere to its instruction. At any time should I have questions regarding policies or procedures, or the information outlined in this manual, I will contact the school site administration for clarification or further instruction. I further understand that the information provided in this manual is not intended to be specific or all-inclusive. It is the responsibility of the SCO to fully understand all laws that govern the operation of SCOs.

Where necessary, the SCO will seek competent professional financial and tax advice for accounting and filing requirements. The District assumes no accountability or liability for the operation and management of SCOs. I understand that as an officer of the SCO, and member of the executive board, I am required to ensure the SCO procedures and operating practices are financially and legally sound, and in conformance with all rules, regulations, laws, ordinances and statutes applicable to the organization. I understand I must not engage in unlawful discrimination. I further understand and accept that I am legally obligated to be prudent and reasonable in conducting myself to help preserve and protect the organization.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

SCO Name: \_\_\_\_\_

Office Held: \_\_\_\_\_

***Maintain a copy of this manual for your reference.***

***Please return this signed receipt form to the school site administrator.***

**DESERT SANDS UNIFIED SCHOOL DISTRICT**

**SCO Hold Harmless Agreement**

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SCOs and its officers or operators will agree to indemnify, defend, and hold harmless the Desert Sands Unified School District, its Board Members, officers, agents, teachers, staff or any other employees from any damage injury or harm involving any student, parent or third party arising from or which occurs in any way as a result of or related to SCO activity regardless of location, including every claim or demand made, every liability, loss, damage, or expense, of any nature whatsoever by any student, parent or third party which may be incurred by reason of:

Death or bodily injury to persons, loss of or injury to property, or any loss, damage or expense which may have been sustained by the SCO or its representatives or participants, including any corporations, district employees, firm or corporation employed by the SCO which arises from negligence or misconduct on the part of the SCO, its representatives, students or participants, or which in any way is related to SCO activity, regardless of date, time, or location.

Any injury to or death of persons or damage to property, any loss or theft sustained by persons, firms or corporations, including the applicant participating in SCO activity or conduct related to SCO activity, or otherwise arising from any act of neglect, default, omission, negligence or willful misconduct of the Applicant, its members, or any person, firm or corporation employed by the Applicant, either directly or by independent contract, and attributable in connection with the activity covered by this agreement, on or off District property and during or outside of school hours.

SCOs, at their own expense, cost and risk, shall defend any and all actions, suits or other proceedings that may be brought or instituted against the District, its Board, officers, agents, or employees and shall pay or satisfy any such claim, demand, liability or judgment rendered against the District, its Board, officers, agents, or employees in any action, suit or other proceedings arising out of the SCO activities.

**ACKNOWLEDGED BY SCO PRESIDENT:**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_



**DESERT SANDS UNIFIED SCHOOL DISTRICT**

**Application for SCO**

**INSTRUCTIONS:**

1. Complete form and attach required documentation.
2. Submit completed and signed form to the school site administrator by September 30

GENERAL INFORMATION	
Name of Organization:	
Tax Identification Number:	
School Site Represented:	
School Year Requesting Approval:	

OFFICERS		
Position	Name	Contact Info (phone and email)
President		
Vice President		
Secretary		
Treasurer		

BANK ACCOUNT		
Bank Name	Location	Authorized Signers

FINANCIAL INFORMATION FOR PAST FISCAL YEAR	
A. Beginning Cash Balance	\$
B. Cash Receipts from July 1 through June 30	\$
C. Subtotal (add A+B=C)	\$
D. Cash Payments from July 1 through June 30	\$
E. Ending Cash Balance	\$

LIST OF PLANNED FUND-RAISING EVENTS FOR THE UPCOMING SCHOOL YEAR

