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WASHINGTON
SCHOOL
PRINCIPALS
EDUCATION
FOUNDATION



Guiding Principles

for
partnerships
between schools and
support groups

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Top 10 Rules

which explain

ASB Funding, Finance, Law, Rules and Regulations

1. Public money, generated by the students or in the name of students, may be used only for **Cultural, Athletic, Recreational, or Social**, purposes, which are optional, and non-credit.
2. Money raised during the school day, and/or on school property, and/or using school personnel, and/or school materials is public money.
3. ASB funds are restricted and cannot be used for curricular purposes.
4. Co-curricular is not a legal term. Only curricular and extra- curricular are defined in the law.
5. Public money cannot be given away for private use.
6. Students and staff must collaborate on the generation and use of public money.
7. You must have a system to monitor and protect the use of public money.
8. You must follow the federal, state, school board, and your own rules about ASB.
9. In a corporate sense, the Principal is the CEO and CFO; the school board is the Board of Directors.
10. The State Auditor is only one of many regulatory agencies interested in ASB.

For this presentation, Boosters mean all groups designed to support school activities such as PTA/PTO/Scholarship Committees, Senior Trip committees, Robotics, Alumni Associations, Equestrian, Sports Boosters, Music, Drama, Debate, Cheer, etc.

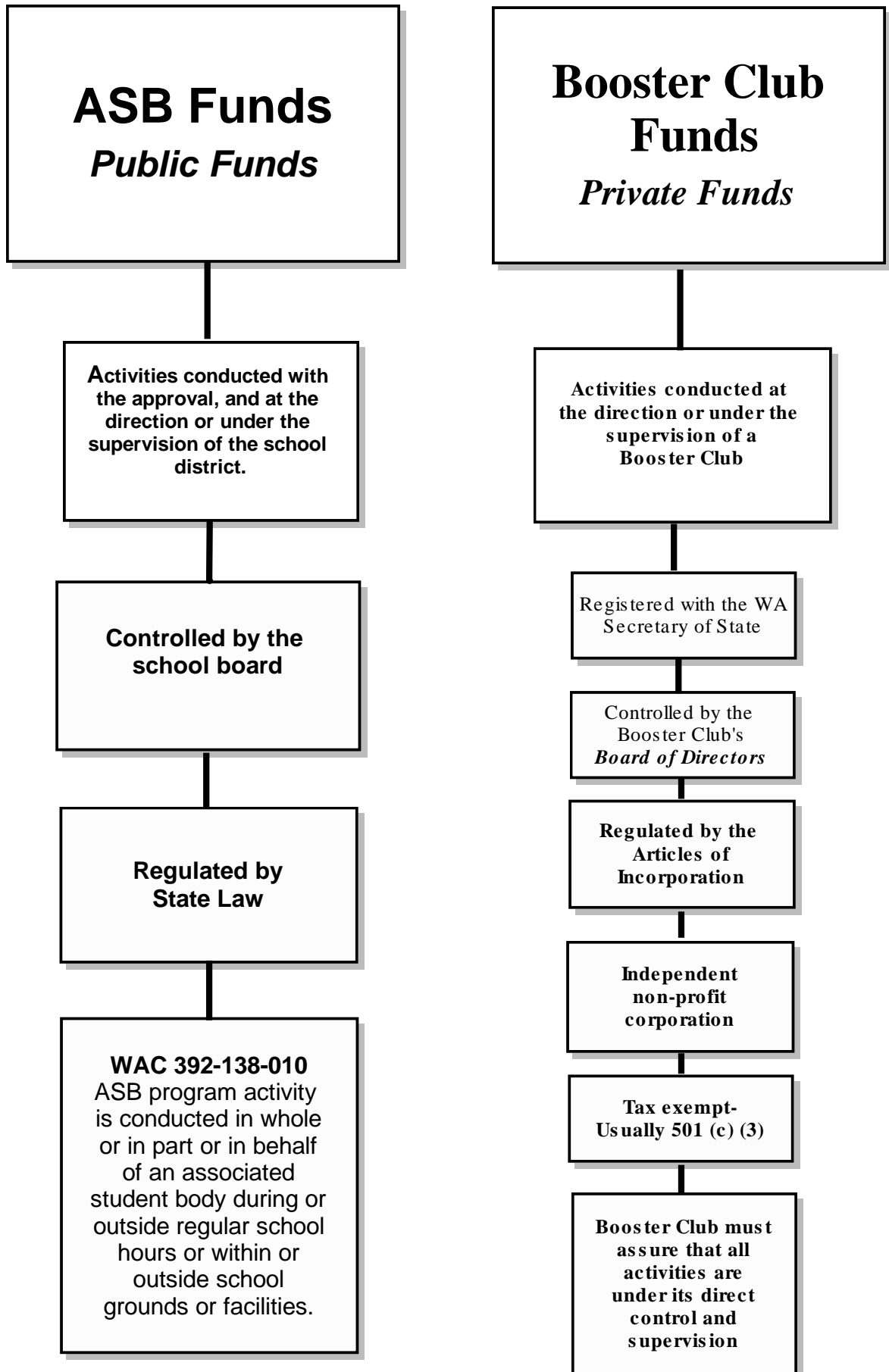
Top 10 Rules

which help explain

ASB Funding, Finance, Law, Rules and Regulations
and the assistance that Boosters can provide

1. Public money, generated by the students or in the name of students, may be used only for Cultural, Athletic, Recreational, or Social, purposes, which are optional, and non-credit.
Booster Advantage: Booster donations also can be used to supplement these activities.
2. Money raised during the school day, and/or on school property, and/or using school personnel, and/or school materials is public money.
Booster Advantage: Following certain School Board policies, money can be raised in compliance with this rule and keep the ownership with the Boosters.
3. ASB funds are restricted public funds and cannot be used for curricular purposes.
Booster Advantage: Private money can be used for supporting classes and coursework.
4. Co-curricular is not a legal term. Only curricular and extra- curricular are defined in the law.
Booster Advantage: Booster money can be granted to the school to cover the curricular use of shared equipment or supplies.
5. Public money cannot be given away for private use.
Booster Advantage: Booster money is private money.
6. Students and staff must collaborate on the generation and use of public money.
Booster Advantage: The Booster Board of Directors decides the use of the private money.
7. You must have a system to monitor and protect the use of public money.
Booster Advantage: The Boosters have the same requirements to protect the generation and use of their private funds.
8. You must follow the federal, state, school board, and your own rules about ASB. **Booster Advantage: Similar requirements for Federal and State reporting, plus the Boosters must follow their Articles of Incorporation.**
9. In a corporate sense, the Principal is the CEO and CFO; the school board is the Board of Directors.
Booster Advantage: Boosters are a nonprofit corporation.
10. The State Auditor is only one of many regulatory agencies interested in ASB. **Booster Advantage: Boosters, as a private business, must comply with WA State and Federal agency oversight.**

ASB vs Booster



Booster Club versus. ASB

Fundraising Guidance

- I. What are the indicators that a bona fide parent group fundraiser turns into an ASB activity?
 - The cash receipts are given to the school ASB secretary and/or stored in the school safe.
 - The students handle the cash receipting reconciliation process during the school day.
 - The inventory is purchased by the ASB... Student officer signs a purchase order.
 - The school district holds and inventories the goods for resale.
 - A majority of the work is performed by the students.
 - The parent group uses the school name (without at least adding "boosters").
 - The use of district facilities is not followed per district policy.
 - School district personnel are involved during staff time.
- II. Parent Groups - Booster Club and Parent Teacher Association - Private Money
 - The school board should have policies to address the approval of activities of private groups. *Selling any item at school that is for a private business would be regulated by the school district policies.*
 - Activities/events must be planned, managed and operated solely under the direction of the parent group.
 - When using district facilities, the group must follow district policies.
 - Funds cannot be commingled with ASB money.
 - Keep the activity an "arms length" transaction.
- III. Student Involvement

Children have a private life and can always work for an outside entity, but not during school time. If the student is selling an item at school or representing the school- the money is generally considered ASB. Students are able to raise money for an outside entity during school time with prior school district approval. The key is how a prudent person would view the sale- if it looks like a school sale, the money must go to ASB.

If issues are noted during an audit, it will be decided if the funds in question belong to the district. The answers to the following questions will help determine if the funds are district funds or parent/booster funds.

How was the information presented to those that participated-both sellers and buyers? For example, was the information presented as, "Sample School District Girls Soccer" or "Sample School Girls Soccer PTA"? If you found a "name" on the fundraiser/event promotional information you can perform a search at <http://www.secstate.wa.gov/corps/search.aspx> to determine if they have registered with the Washington State Secretary of State. Ask yourself, "Would a reasonable person in the community think that this was a Booster Club or School activity?"
- IV. Prizes:

State audit staff has determined that any prize or other incentive must be within the diminimis range as defined by school board policy. That prize may be donated by an outside organization, but it cannot be the vendor providing the product or service.

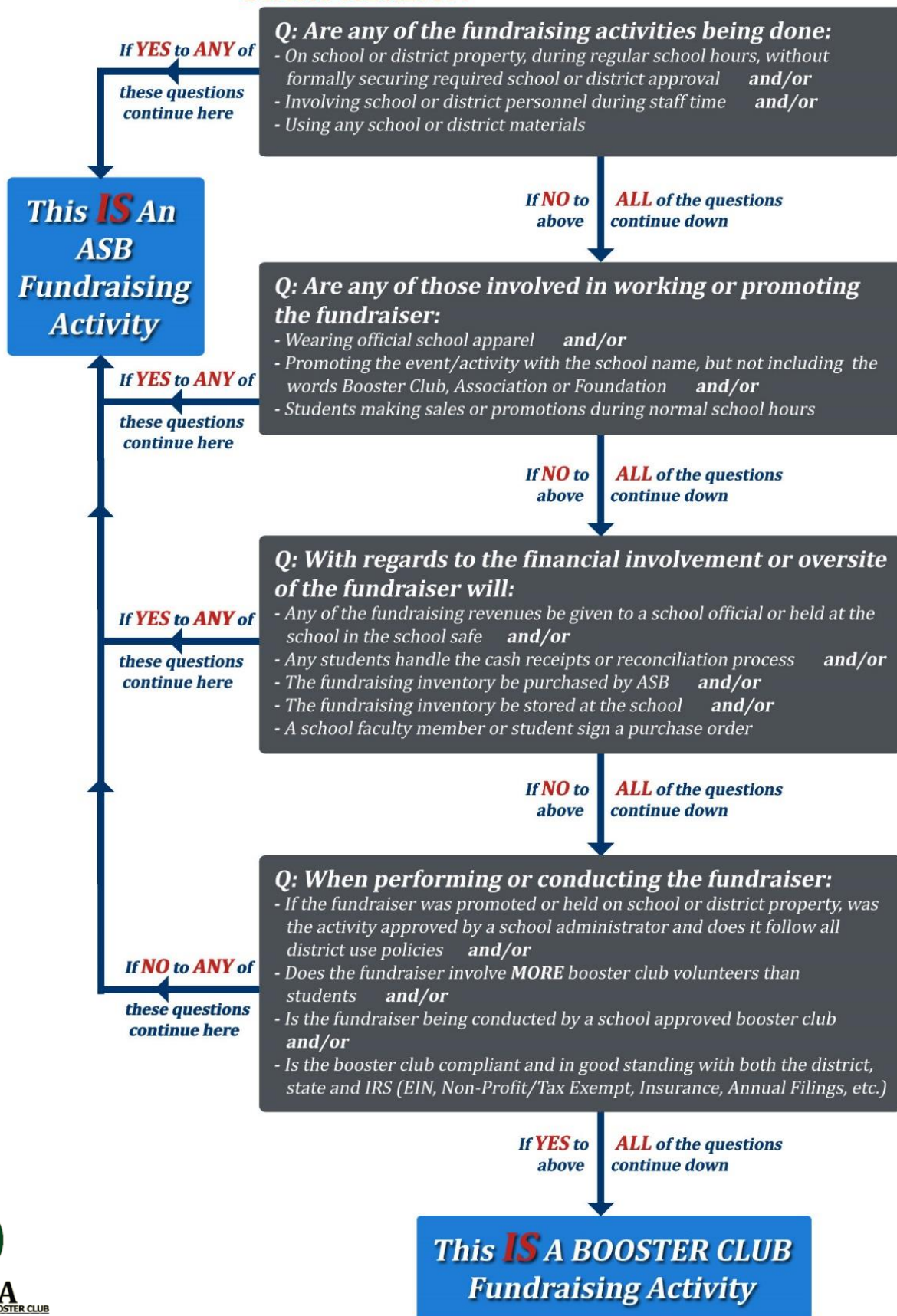
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Fast Fifteen Rules for Booster Clubs

1. No one owns the booster club.
2. It is an Independent business with private funds.
3. It can use school facilities following board policy.
4. IRS expects proper accounting, TIN available online along with nonprofit status.
5. Incorporated? Board has liability for fiduciary duties; Unincorporated? All members have liability.
6. It cannot use public funds/resources to support the independent business.
7. It cannot be involved in political action.
8. It cannot sell stock nor have profit sharing.
9. It can and should make a profit.
10. It must have dissolution clause when filing for state recognition.
11. School employees can have a private life.
12. It has tax liabilities for employees, purchases (even out of state).
13. Insurance is necessary.
14. Gambling? Need 501 c-3 status to hold raffles
15. Other state agencies interested in Boosters:
 - Secretary of State
 - Gambling Commission
 - Dept. of Ecology
 - L & I
 - WA State PTA
 - OSPI- Equity (Title IX)
 - Washington State Auditor

Qualifications to determine when a Fundraiser is an **ASB** or a **Booster Club** activity

START HERE...



Booster Clubs

School Guidelines

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ASB or Booster?

- What turns a bonafide parent group fundraiser into an ASB activity?
- The cash receipts are given to the school ASB secretary and/or stored in the school safe.
- The students handle the cash receipting reconciliation process
- The inventory is purchased by the ASB...
- Student officer signs a purchase order
- The school district holds and inventories the goods for resale.
- A majority of the work is performed by the students.
- The parent group uses the school name (without adding "boosters").
- District facilities use not following per district policy.
- School district personnel are involved during staff time.
- Event workers wearing official school apparel.

Requirements

- Current organizational by-laws
- Business license (if retail sales are held)
- Parent organization rules (if any)
- Current list of officers
- IRS Tax Identification # (EIN)
- Washington State UBI #
- Certificate of Insurance
- Inventory of equipment
- Recent copies of income tax report
- Annual renewal of Secretary of State registration
- List of Bank accounts
- Current list of bank authorized signers
- Follow School Board rules/policy
- Health cards (if food is sold)
- Articles of Incorporation with Sec. of State stamp
- IRS Tax exempt request letter and/or Tax determination letter
- Any other agreements

Officer's Duties

Fiduciary Duties These duties are imposed both by the courts and by state and federal statutes. A breach of these duties may lead to personal liability, loss of tax-exempt status, or both. **Duty of...Care:** know your rules, **Obedience:** Obey your rules, **Loyalty:** no personal gain.

Resources

- **Washington State Booster Club Association-** <http://www.wsbca.org>
- **Internet Nonprofit Center-** Information for and about nonprofits <http://www.nonprofit-info.org>
- **Internal Revenue Service-** See form 1023 for application, and 990 to report income/expenses <http://www.irs.gov>
- **Secretary of State-** Washington State laws (WAC/RCWs) regarding charitable solicitations and trusts. <http://www.secstate.wa.gov/charities>
- **Washington State PTA-** Every child. One voice <http://www.wastatepta.org>
- **Washington Association of School Business Officials-** Check for ASB rules <http://www.wasbo.org>

Gifts, Awards, & Incentives

- ASB funds may be used for Cultural, Athletic, Recreational or Social purposes which are optional and not for credit. RCW 28A.325.010
- The Washington State Constitution prohibits giving gifts of public funds:
Article VIII, Section 7, "No county, city, town or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual..."
- RCW 41.60.150 – Recognition Awards
Other than suggestion awards and incentive pay unit awards, agencies shall have the authority to recognize employees, either individually or as a class, for accomplishments including outstanding achievements, safety performance, longevity, outstanding public service, or service as employee suggestion evaluators and implementors.
Recognition awards may not exceed two hundred dollars in value per award. Such awards may include, but not be limited to, cash or such items as pen and desk sets, plaques, pins, framed certificates, clocks, and calculators. Award costs shall be paid by the agency giving the award. From February 15, 2010, through June 30, 2013, recognition awards may not be given in the form of cash or cash equivalents such as gift certificates or gift cards.
- State Auditors Office's Office Opinion Letter for Districts that wish to purchase gifts to use as rewards for student activity issued June 10, 1996.
SAO Office Opinion Letter Requirements:
District must establish a Board Policy that contains the following elements:
Amount for individual awards. Aggregate limit on annual expenditures.
Links the activity and outcome required to receive the incentive to a public purpose. District must establish a de minimis amount to the individual and the District.
- Attorney General Opinion AGLO 1971 No. 98
Funds derived from student activity fees, event receipts, etc. may be used for awards related to scholastics, athletics, drama, student government, etc. so long as they are personal to the recipient, reasonable and not monetary.
- WASBO ASB Procedures Manual – Restrictions on the Use of Public Funds ASB funds can only be used for legitimate activities of the Associated Student Body. Student body funds cannot be used for any personal or private use. They cannot be used for anything under the general heading of gifts, including charitable donations, scholarship or student exchange. Items given to individuals should be of a nominal value. Examples are pins or athletic sew-on letters.
Unallowable Purchases (from ASB sources):
Cash and cash equivalents such as gift certificates are not allowed.
Flowers that were purchased for someone in the hospital or convalescing are not allowed Refreshments purchased for teachers or staff (non-student) meetings.

De Minimis – Definition:

De minimis is a Latin expression meaning about minimal things, or without importance.

Legal definition:

The law cares not for small things. **Gifts, Awards, & Incentives**

De minimis – IRS de minimis fringe benefits:

In general, a de minimis benefit is one for which, considering its value and the frequency with which it is provided, is so small as to make accounting for it unreasonable or impractical. De minimis benefits are excluded under Internal Revenue Code section 132(1)(4) and include items which are not specifically excluded under other sections of the code.

IRS de minimis fringe benefits: In determining whether a benefit is de minimis, you should always consider its frequency and its value. An essential element is that it is occasional or unusual in frequency. It also must not be a form of disguised compensation.

Examples of de minimis fringe benefits:

- ✓ Controlled, occasional use of employer copier.
- ✓ Occasional snacks, coffee, doughnuts, etc.
- ✓ Occasional tickets for entertainment events.
- ✓ Holiday gifts.
- ✓ Occasional meal money or transportation expenses for working overtime.
- ✓ Group-term life insurance for employee, spouse, or dependent with a face value of less than \$2K.
- ✓ Flowers, fruit, books, etc. provided under special circumstances.
- ✓ Personal use of a cell phone provided by an employer primarily for business purposes.

Established de minimis amounts for individuals:

- | | |
|--|---|
| <input type="checkbox"/> Anaton School District \$25 | <input type="checkbox"/> Yelm Community Schools \$20 |
| <input type="checkbox"/> Seattle Public Schools \$15 | <input type="checkbox"/> State Recognition Awards \$200 |
| <input type="checkbox"/> Tacoma School District \$25 | <input type="checkbox"/> State Auditor's Office \$50 |
| <input type="checkbox"/> Walla Walla Public Schools \$50 | |

Sample Policies:

Tacoma – ASB Procedures Manual. Gifts, Awards, and Incentives.

Intent is to recognize individuals for attaining a specified level of achievement or in remuneration for outstanding service. Schools are encouraged to have written school-wide incentive program guidelines.

Individual limits: \$25 Gifts above \$25? No.

Walla Walla Public Schools Board Policy 6300 – Recognition

Intent is to recognize outstanding contributions, support, service, and exemplary achievement. Individual limits: \$50 (de minimis and annual limit) Aggregate limits: \$2,500

Gifts above \$50? Yes, to staff only, through donations from outside sources.

Yelm Community Schools

Awards and incentives in acknowledgement of students attaining a specified level of achievement or outstanding services should be of nominal value. Individual limits: \$20 per student

Aggregate Limits: 25 students or \$500 School-wide fundraisers

Limit of \$10 per student

Aggregate limit is 10 percent of total fundraiser revenue Annual limit of \$5,000 per building

3rd party donations must have business office approval

Seattle Public Schools Board Policy 3515 and Superintendent Procedures 3515 SP

Intent is to increase academic achievement, promote civility, encourage physical fitness, and encourage students to become responsible citizens, productive workers, and lifelong learners.

Individual limits: \$15/ No aggregate amount listed

Gifts above \$15? No – incentives provided to the ASB by outside vendors use the same limits. Incentives to individual students directly from the company is the personal property of the student and not calculated as an incentive provided by the district. Incentives must not be presented to the district or be in the possession of the district.

Washington State Auditor's Office Employee Recognition Program – Policy No. 4

Employee recognition awards may be given for verifiable accomplishments including but not limited to:

- Outstanding achievements
- Safety performance
- Longevity
- Outstanding Public Service

Individual limits: \$200 maximum; expectation is SAO awards will generally be \$50 or less. Pre-purchase of awards of \$5 and \$10 on State Purchase cards is allowed (gift cards).

Managers are responsible for maintaining an accurate log of recognition awards given on their team.

Focus on...

Smart Snacks & Fundraising

The Expectations

The Healthy Hunger-Free Kids Act of 2010 directed the USDA to establish nutrition standards for all foods and beverages sold to students in school during the school day, including foods sold through school fundraisers.

The new Smart Snacks in School nutrition standards will help schools to make the healthy choice the easy choice by offering students more of the foods and beverages we should be encouraging - whole grains, fruit and vegetables, leaner protein, lower-fat dairy - while limiting foods with too much sugar, fat and salt.

USDA understands that fundraisers are time-honored traditions that support local school activities, including class trips, athletic programs and the purchase of school supplies.

Under the "Smart Snacks in School" nutrition standards, USDA has sought to balance the needs of schools to conduct occasional fundraisers, while still ensuring that students have access to healthier foods and beverages during the school day.

The Components

- No limits on fundraisers that meet the new standards
- Schools decide what can be sold at events outside of school hours
- Exceptions for fundraiser foods not intended for consumption in schools
- No Washington State exemption for occasional sales during the school day
- Exceptions for foods given away
- School day is defined as midnight to 30 minutes after the last bell
- Local school board policy needed

The Issues

- Pop machines
- Beverages rule varies by grade levels
- Records of all foods sold required
- Juices
- Probiotic drinks
- Smoothies
- Coffee drinks
- Candy sales
- Food trucks
- Sales tax must be collected

Resources

- **USDA**- <https://www.fns.usda.gov/school-meals/smart-snacks-school>
- **OSPI** - <https://www.k12.wa.us/sites/default/files/public/childnutrition/programs/nslbp/pubdocs/smartsnacksinschools-competitivefoods.pdf>
- **Alliance for a Healthier Generation** <https://www.healthiergeneration.org/take-action/schools/wellness-topics/smart-snacks>

Focus on...

Title IX

The Expectations

- Congress passed Title IX of the Educational Amendments in 1972, which prohibits discrimination on the basis of sex in all educational programs and activities receiving federal financial assistance.
- The Civil Rights Restoration Act of 1987 amended Title IX to clarify that the law applies if any part of the school system receives federal financial assistance.
- Article XXXI of the Washington State Constitution guarantees gender equality.
- RCW 28A.640 and WAC 392-190 further clarifies the requirement for gender equity in schools.

The Components

- Counseling and Guidance compliance.
- In-service training for staff.
- K-5 Elementary sports co-educational.
- Sexual harassment policy in place.
- Periodic program evaluation.
- Instructional materials bias-free.
- Complaint procedure in place.
- District affirmative action program established.
- Evidence that Athletic & Activity programs do not exhibit a pervasive atmosphere that discriminates based on gender.
- Booster club donations affect your students & programs.

The Issues

Athletics & ASB

- Skill level of coaching staffs
- Compensation for coaches
- Quality of competition
- Game schedules
- Uniforms
- Equipment
- Facilities
- Team size
- Transportation
- Per diem allowances
- Medical services
- Publicity
- Awards
- Accommodation of interests

Activities & ASB

- Music programs
- Club requirements
- Class activities

Focus on...

Raffles and Gambling

The Expectations

- Who has an interest in raffles?
Customers, Citizens (taxpayers), District and school administrators, Teachers, Classified staff, Coaches, Students, Team members, club members, Parents, the Newspapers, and the Washington State Gambling Commission
- A raffle has three elements- Price, Chance, and a Prize.
- Raffles, Bingo and Amusement games can be unlicensed- any other game of chance requires a license.
- Both licensed and unlicensed raffles now allow those under 18 to sell tickets, some additional stipulations apply- contact the Gambling Commission for more information.

The Components

- Purpose
- School board authorization
- Group has been organized for a year
- 15 voting members
- IRS letter 501 (c) (3)
- Your organization has clear goals
- Do not exceed \$5,000
- Notify the local police in writing
- Only two raffles annually
- Understanding the rules
- No prizes to anyone under 18 years of age
- Tickets, Prices, Prizes noted
- Information on the tickets
- Storage of prizes safe
- Total sales recorded

The Issues

- Lack of school board authorization
- Is it a school activity?
- Misappropriation of public money
- Fraud
- No raffle manager
- Loss of records
- Not maintaining records
- Lack of adequate controls
- Too many raffles
- Going over the legal gross sales limit
- Not using proceeds for the stated purpose
- Duplicate tickets sold
- Other raffles in the district
- Underage purchasers (18 years)
- Must have the prizes before starting the raffle

GAMBLING – BINGO, RAFFLES, CARNIVALS

If district board policy allows, ASB's may conduct bingo, raffles and carnivals as fundraisers under certain Gambling Commission guidelines. All buyers of raffles tickets must be at least 18 years of age regardless of license status. ASB's qualify to conduct bingo, raffles and carnivals as fundraisers without applying for a license provided the following restrictions are not violated:

- No more than two gambling events may take place in a calendar year.
- The combined gross revenue from the two unlicensed events offered to the public must not exceed \$5,000 in a calendar year. If revenues are anticipated to exceed this amount you must obtain a license from the Washington State Gambling Commission.
- Prizes must be owned by the organization prior to the drawing.
- Liquor and Firearms may not be awarded as prizes.
- Records must be kept for at least three years.
- Members cannot be paid for managing or operating the activity

For Unlicensed Raffles:

- Maximum price per ticket is \$100.00.
- All tickets must be sold for the same price.
- No free tickets or tickets as gifts.
- Tickets cannot be sold on credit.
- You must be 18 years of age to purchase a raffle ticket.
- You must be 18 years of age to sell raffle tickets, unless supervised by school personnel, then any age.
- Your local police department must be notified at least five days prior to conducting the raffle.
- The following information must be printed on each raffle ticket:
 - District and school name.
 - Cost per chance (\$100.00 maximum per ticket).
 - Consecutively printed number of the ticket.
 - Date, time, and location of drawing.
 - Name of the sponsoring organization.
 - Whether or not the winner must be present for the drawing.
 - Description of all prizes to be awarded. (If the prize is a percentage of the gross receipts of the raffle, a minimum prize must be disclosed).
- The standard drawing format requires that ticket stubs from all ticket sales be placed in a container in such a manner that each ticket has an equal opportunity of being drawn as a winner.

Licensed Gambling:

In order to obtain a gambling license, you must:

- Submit an application to the Washington State Gambling Commission.
- Pay a fee.
- Designate a gambling manager to attend training.

Be sure to allow plenty of time for the application process to be completed.

Once the license has been received, there are very specific rules and regulations that must be followed for each event. A highlight of the rules can be found at: www.wsgc.wa.gov/docs/5-164.pdf.

For further information on gambling events please contact the Gambling Commission or visit their web site at www.wsgc.wa.gov.

Gambling Check Sheet

Is it Legal?

Yes if...

- ☐ Raffle: Cost to enter, and Random chance to participate, and Prize or Consideration
- ☐ *and* Participants 18 years or older
- ☐ *and* Less than \$5,000 gross annually
- ☐ Meets school district policy

Is it Balanced?

- ☐ Is it fair to all?
- ☐ Does it promote the purpose of the activity and/or ASB?

How does it make you feel?

- ☐ If it were published in the paper
- ☐ If your friends or family knew about it
- ☐ If you explained it to the school board or district administration

.....

Examples

☐ *OKAY*

- Tickets sold by the science club to parents for \$2 each, with a drawing held at a basketball game
- Hoop shoot if all who pay get to take a shot
- Bingo with parents and children together
- Door prizes at a dance or lock in with free tickets for the drawing

☐ *NO*

- Tickets sold to students
- Poker/Bridge/Cribbage/Yahtzee tournaments with paid entry and cash prizes
- Over \$5,000 collected annually
- More than two events per calendar year without license.

ASB Resources

- Washington Interscholastic Activities Association: www.wiaa.com
- State Auditor's Office: www.sao.wa.gov/for school district audit reports and fraud findings.
- Washington Association of School Business Officials: www.wasbo.org
- Association of Fund-Raising Distributors and Suppliers www.afrds.org/ for tips on fund raising.
- All state agencies: www.access.wa.gov
- Internal Revenue Service: www.irs.gov for federal tax information.
- Office of Superintendent of Public Instruction: www.k12.wa.us/safs for the accounting information and the WACs.

Questions???

✓ **Check first with your school district business office...**

<i>Office of the Superintendent of Public Instruction (OSPI)</i>	<i>360-725-6000</i>
<i>Washington State Gambling Commission</i>	<i>360-486-3440</i>
<i>Washington State Auditor's Office (SAO)</i>	<i>360-725-5608</i>
<i>Washington State Department of Revenue (DOR)</i>	<i>360-486-2111</i>
<i>Association of Washington Student Leaders (AWSL)</i>	<i>360-497-5323</i>
<i>Washington Interscholastic Activities Association (WIAA)</i>	<i>425-687-8585</i>

Resources for Parent Support Groups

Guidestar- National Data base of nonprofit organizations

Connecting people with nonprofit information since 1994, GuideStar offers basic, in-depth, and customized data services on almost 1 million U.S. nonprofits. <http://www.guidestar.org/>

Independent Sector: A coalition of leading non-profits, foundations, and corporations strengthening not for profit initiative, philanthropy, and citizen action

<http://www.independentsector.org/>

Charity Navigator: Your guide to intelligent giving. America's premiere independent charity evaluator works to advance a more efficient and responsive philanthropic marketplace by evaluating the financial health of America's largest charities. <http://www.charitynavigator.org>

Internal Revenue Service: See form 1023 for application, and 990 to report income/expenses <http://www.irs.gov/>

Secretary of State: Washington State laws (WAC/RCWs) regarding charitable solicitations and trusts. <http://www.secstate.wa.gov/charities/>

Washington State PTA- Every child. One voice. We are people of all ages improving the education, safety, and health of children. Join us in building a better world for children. <http://www.wastatepta.org/>

Washington State Booster Club Association- Providing guidance, education, training and operational support. www.wsbca.org