

# Corona-Norco Unified School District



## Booster Club Workshop

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# Workshop Overview

- ▶ Definition of a Booster Club
- ▶ Fundraising
- ▶ Procedures & Best Practices
- ▶ District Audit Review
- ▶ Formation of a Booster Club
- ▶ Forms & Resources
- ▶ Frequently Asked Questions
- ▶ Final Questions



# Booster Clubs

- ▶ Formed to support specific school activities for the benefit of students
  - e.g. Athletic teams, debate teams, musical groups
- ▶ Separate from school and district
- ▶ Not under the direct control of the school or district
- ▶ Not the responsibility of the school or district



# Fundraising: General

- ▶ Should have a purpose
  - Remember goals of the organization
- ▶ Educational benefit of students
- ▶ Cannot interfere with school fundraiser
  - Coordinate with Principal/Designee
  - Attach your list of tentative fundraising events with the booster application
    - Submit any changes to the fundraising list three weeks prior to event
- ▶ Education Code 51520 and 51521
  - Must be authorized & conducted according to district policy
  - Solicitation of student is limited
  - Refer to pages 18 and 19 of the Booster Club Manual



# Fundraising: General



- ▶ Conducted by adults
- ▶ Students cannot be required to fundraise
  - **Volunteers** - students are not members of Booster
- ▶ No teacher or student can be required to raise or sell “minimum” amounts
- ▶ Cannot track student accounts
- ▶ Cannot comingle funds with ASB




# Fundraising: On Campus Food Sales

- ▶ Comply with state laws & District policies & regulations
  - Food handling requirements
  - Nutritional standards
  - District Wellness Policy
- ▶ Subject to inspection by County Health Department
- ▶ Conducted outside of the school day
  - School day is defined as midnight to one-half hour after the school day ends
- ▶ ASB clubs have first priority



# Fundraising: Bingos, Raffles and Auctions

- ▶ Schools & Districts cannot conduct Bingos, Raffles & Auctions
- ▶ Federal & State rules govern these events
  - City permit
- ▶ Revenue & Taxation Code 23701(d)
  - Tax-exempt status required
- ▶ Penal Code Sections 320.5 & 326.5



# Procedures & Best Practices





# Money Handling

- ▶ Don't leave \$\$ unattended or in an unsafe place
- ▶ Recommend 2 people count all cash
- ▶ Use a cash register or Cash Log Sheets
- ▶ 3-part receipt books
- ▶ Pre-numbered tickets
- ▶ Ticket inventory
- ▶ Copies of receipts with \$\$
- ▶ Documentation available for Auditors or audit committee



# Collection of Monies

- ▶ All collections need to be documented
- ▶ All monies collected need to be deposited as collected
  - Do not reimburse from monies collected
- ▶ Petty Cash
  - Small/reasonable amounts
  - Check out and check in records
- ▶ Bank Deposits
  - Daily if possible - weekly at a minimum



# Donations

- ▶ Donations can be:
  - Check
  - Supplies & Equipment
  - Transportation
- ▶ Indicate purpose
- ▶ Accepted by ASB Student Council
- ▶ Accepted by District Board of Education
  - CNUSD Donation Form



# Payments

- ▶ Each disbursement should be approved
  - Document in meeting minutes
- ▶ Appropriate documentation
  - Authority for purchase
  - Invoice
  - Receipts
  - Packing Slip/Receiving Document



# Gifts & Recognitions

- ▶ Gifts should be an expression of appreciation - not of significant monetary value
- ▶ No gifts to students should be made without approval from the coach or the parent
- ▶ No gifts by check or cash



# District Employees

- ▶ Employment by a booster club for any reason must be approved by the district
  - Advance approval must be obtained from Human Resources
- ▶ No direct payments to district employees
  - District employees will need to be paid through district payroll
    - District will provide an invoice to ASB for salary payment including associated fixed costs
    - Boosters will donate funds to ASB to cover the cost of the invoice
- ▶ District employees cannot work for a booster club during their work hours
  - District employees may volunteer their time in their off hours



# Financial Procedures

- ▶ Annual Budget
  - Estimated revenues & expenditures for the year
- ▶ Monitoring
  - Budget can and should change as events occur
- ▶ Financial Reporting
  - Complete within 30 days of the previous month end
  - Include bank statements, bank reconciliations and financial statements
    - Monthly reporting to executive board
    - Mid-year reporting to membership
    - Annual reports to school site
    - Additional reporting upon request
- ▶ Document all receipts



# Other Procedures

## ▶ Consultant Services

### ➤ Follow IRS guidelines

- IRS requires all payments for services amounting to \$600 or more, in a calendar year, be reported via Form 1099
- Obtain W-9 prior to payment

### ➤ 1099s

- 1099s are required to be issued each January 31st for the prior calendar year
- Submission to IRS is due by February 28th

## ▶ Use of Facilities

### ➤ Application for Use of District Facilities form

- Available on website or at school office





# Booster Conducted Audit

- ▶ Annual audit required
  - When there are changes in Treasurer or those responsible for handling money
  - Each time there are changes in officers who sign checks
- ▶ Conducted by CPA or Audit Committee
  - Audit committee - members of booster club, but not officers

A District initiated audit of financial records will be conducted annually (one per school site)

# District Procedural Review

# Procedural Review: Debit Card Usage

## Observation:

- ▶ Transactions which can be processed by checks were supplanted with debit card
- ▶ No custody controls in place with debit cards in circulation creating an unrestricted ability for use
- ▶ NO alerts in place to stop abuse, if necessary

## Recommendation:

- ▶ Only utilize debit cards when absolutely necessary
- ▶ Debit cards should be in the custody of a single person and usage clearly documented
- ▶ Authorization for use documented in written format and granted by an executive member that does not have custody of the debit card
- ▶ Supporting documents for debit card transactions should be reconciled to activities posted on the bank statement
- ▶ Set-up electronic usage alerts for all debit card activity with notifications sent to all board members

# Procedural Review: Money Handling

## Observation:

- ▶ Deficiencies found in money handling during fundraising activities
- ▶ Funds co-mingled with other fundraisers

## Recommendation:

- ▶ Two parties should be present for cash box transportation to another location
- ▶ Cash transactions must take place in the presence of two parent/volunteers
  - Rotate volunteers to avoid the possibility of collusion
- ▶ All monies should be counted and reconciled to goods sold on site
  - Never use monies collected to purchase additional supplies
- ▶ Cash counts conducted in the presence of two parties, documented in written format and signature certifying counts with both parties
- ▶ Accountability of monies collected should always be performed immediately upon the conclusion of any fundraising events

# Procedural Review: Bingo Fundraiser

## Observation:

- ▶ Bingo fundraisers held where cash prizes are awarded
- ▶ Proper authorization & permits not obtained

## Recommendation:

- ▶ Proper permits & licenses must be obtained to operate a legal & legitimate Bingo fundraiser
  - Corona Municipal Code Section 5.12.010 requires a license for any nonprofit organization to conduct a bingo fundraiser.

# Procedural Review: 1099s not issued

## Observation:

- ▶ 1099 not issued to independent contractors
- ▶ Lack of tracking of independent contractors to determine requirement to issue 1099

## Recommendation:

- ▶ Vendors should be identified as independent contractors
- ▶ Amounts paid must be tracked to follow IRS guidelines for issuing 1099s at the end of the calendar year
- ▶ 1099s need to be issued to appropriate independent contractors following IRS tax regulations

# Procedural Review: Lack of Volunteers

## Observation:

- ▶ Lack of volunteers to provide with internal control processes & procedures

## Recommendation:

- ▶ Proper procedures & processes must be maintained at all booster club events & fundraisers. If enough volunteers are not available event or fundraiser should be cancelled or changed to guarantee all procedures can be followed,
- ▶ Site Administration should be contacted to determine if site assistance is possible.

# Procedural Review: Sales Reconciliation

## Observation:

- ▶ Inability to reconcile amounts generated from ticket sales
- ▶ Sales generated from refreshments sold lack accountability

## Recommendation:

- ▶ Pre-numbered tickets should be used to assist in the reconciliation of revenues
- ▶ Sale reconciliation should include identifying the number of ticket sales based upon the beginning and ending numbers identified on the pre-numbered tickets
- ▶ The use of “drink tickets” would account for refreshment sales. Tally sheets could also be considered



# Procedural Review: Disbursement Deficiencies

## Observation

- ▶ Disbursements lack a review and authorization documents
- ▶ Lack of receiving documents for goods received or services rendered prior to disbursement

## Recommendation:

- ▶ Disbursements should always be authorized in written form from a booster member other than the Treasurer
- ▶ Ensure proper authorization is available and documented on each check written by the Treasurer
- ▶ Perform due diligence to ensure that goods or services have been obtained prior to invoice payments

# Procedural Review: Financial Reports

## Observation:

- ▶ Supporting bank statements are not provided with periodic financial reports
  - Heavy reliance placed solely on the Treasurer's report does not provide the necessary oversight and safe guard against potential fraud or record manipulation

## Recommendation:

- ▶ The Treasurer should always provide copies of bank statements along with their periodic financial report for transparency
- ▶ The Treasurer reports should mirror bank statement activities, time periods and balances
  - Reconciliation of outstanding deposits and checks should be documented separately
- ▶ Board members should review the Treasurer's report
  - Coincides with approved booster activities
  - Mathematical accuracy
  - Verification of beginning/ending balances with bank statements

Still want to become a booster club?



# Formation of a Booster Club

- ▶ Attend the annual Booster Club Workshop
- ▶ Submit an application to the school site
  - Cannot operate until approved by site
  - Approval granted for one fiscal year, July 1 to June 30
  - Continuance required each year
- ▶ Approval can be revoked
- ▶ No individual should personally benefit from booster activities



# Formation of a Booster Club

- ▶ Obtain a Tax ID #
  - Cannot use school name without adding “Booster”
  - Cannot use school or district address
- ▶ Recommend Tax-Exempt Status - 501(c)(3)
  - Non-profit, tax-exempt status is required for donations to be tax deductible for the donor
- ▶ NOT Sales Tax exempt
- ▶ Need Seller’s Permit if planning to sell goods or merchandise
  - Website information available on pages 4 and 5 of the Booster Club Manual



# Bank Account

- ▶ Use Booster Tax ID #
- ▶ Checks signed by two individuals
  - Review/Update Signature Cards
- ▶ Authorized signers
  - Officers
- ▶ Monthly reconciliation
- ▶ Daily or weekly deposits
- ▶ Cannot co-mingle with ASB funds



# Constitution & Bylaws

- ▶ Name and purpose of organization
- ▶ Membership & Tenure
- ▶ Executive Board or Officers
  - Duties & powers
- ▶ Method of Amendments to Constitution
- ▶ Committees
- ▶ Successions
- ▶ Elections
- ▶ Finances
- ▶ Meetings
- ▶ Membership
- ▶ Audit Committee
- ▶ Dissolution of Booster Clubs
  - Distribution of remaining funds



# Other Considerations for Bylaws

- ▶ Terminations
- ▶ Resignations
- ▶ Vacancies
- ▶ Replacement of Officers
- ▶ Notice - written or verbal
- ▶ How elected
- ▶ Term of office





# Booster Club Membership

- ▶ Parents
- ▶ Members of Community
- ▶ School site staff
  - CNUSD employees may not serve on the Booster Club board or have voting rights for a booster club located at the site at which they work
- ▶ No membership fees can be charged



# Booster Club Meetings

- ▶ Notice of meetings should be posted at least 72 hours prior to meeting date
  - Provide to school activity office
- ▶ Meeting notice should include:
  - Date, time & place
  - Agenda - items to be discussed
- ▶ May use school facility only with approval from site Principal or designee



# Records Retention

- ▶ Establish procedures for records retention
  - Who, where, how
- ▶ Keep all records for 4 years
  - Minutes
  - Documentation of all monies received
  - Bank records
  - Income tax returns
  - Disbursement records
- ▶ Constitution & Bylaws is a permanent document



# Resources

- ▶ District Booster Club Manual
- ▶ Hiring Request and Payment of Salaries
  - Page 14 of the Booster Club Manual
- ▶ Best Practices - Do's and Don'ts
  - Page 26 of the Booster Club Manual
- ▶ FCMAT ASB Manual
  - [www.fcmat.org](http://www.fcmat.org)
- ▶ Website links available on page 4 and 5 of the Booster Club Manual
  - Internal Revenue Service Manual
  - Franchise Tax Board Manual
  - California Board of Equalization Manual



# Forms

Available on CNUSD website:

- ▶ 2019-20 Booster Club Manual Acknowledgement Form
  - All Officers are required to sign
- ▶ 2019-20 Hold Harmless Agreement
- ▶ 2019-20 Application for Booster Club
  - Pre-approval
  - Final approval
  - Renewal (Required Annually)
  - Change of Executive Board Officers
- ▶ Application for Use of District Facilities



# Frequently Asked Questions



# FAQ

Q. How does a booster club keep themselves separate from the school they are representing?

A. Booster clubs are separate entities and should have a separate name, address and logo that clearly identifies them as a booster club.

Separate bank account & federal and state tax ID #s are required.

Advertisements for fundraising events should clearly state “Booster Club”.



# FAQ

Q. Who gets priority to hold a fundraiser?

A. ASB fundraisers have first priority. Submission of your Booster Club fundraiser calendar is extremely important for coordination of all school events.





# FAQ

Q. Can students participate in booster club fundraisers?

A. Students may volunteer as long as:

- 1) the fundraiser is not held during the school day
  - a) School day is defined as one hour before school starts and one hour after the school day ends.
- 2) the student clearly indicates fundraising is for the booster club
- 3) the student is of legal age to participate in the event, (i.e., bingo, raffles, other game of chance)

Booster clubs are parent organizations and fundraising should be conducted by members of the Booster Club organization.



- Q. Can we track tickets provided to students to sell?  
Can the student be charged if the student does not return tickets or the equivalent money?
- A. It is recommended that you use a ticket inventory log for all ticket sales. A student may voluntarily fundraise for a booster club but cannot be charged should a situation occur where tickets and/or money are not returned.



# FAQ

Q. Can the booster club obtain reimbursement for candy purchased for an ASB fundraiser?

A. It is illegal for ASBs to pay for booster club supplies, such as the candy in this case.

The booster club should purchase the candy and then donate it to the ASB or the fundraiser should be run entirely through the ASB.



# FAQ

Q. Can I use a portion of money collected from a raffle for a cash prize?

A. No. Good cash handling procedures do not allow for money to be removed from collected funds. This also applies to 50/50 raffles which also violate the 90/10 law of fundraising (Penal code 320.5).

A raffle for a pre-purchased gift card is a good alternative.



# FAQ

Q. Can I use a portion of money collected to purchase additional supplies for our fundraising event?

A. No. Best practices for handling of monies collected do not allow for monies to be removed from collected funds.

Supplies should be purchased by a booster club member who then submits a request for reimbursement. If the booster club has an approved debit card, appropriate pre-approvals should be obtained prior to use and documented.



# FAQ

Q. How does a donation from a booster club get recognized?

A. The district donation form should be completed when making a donation of cash, supplies or equipment. This form can be obtained from the school site office. Donations will be acknowledged by the District Board of Education.



# FAQ

Q. When would a conflict of interest exist?

A. A conflict of interest exists when a booster club officer votes to buy items from their own company.

No individual with decision-making responsibilities should personally benefit from booster club operations.



# FAQ

Q. What role do coaches and teachers have in booster operations?

A. Coaches and teachers should be working cooperatively with their booster club and may communicate the needs of the team or student group.

A coach, teacher or other district employee may elect to be a member of the booster club and be an adult volunteer at booster fundraising events.

No district coach or employee is allowed to be an officer or in a decision-making capacity for a booster club at their own site.



# Final Questions?