

The Fiscal Crisis Management Assistance Team Associated Student Body Accounting Manual and Desk Reference, which is available online, at offers this information: <http://fcmat.org/2015-asb-accounting-manual-fraud-prevention-guide-and-desk-reference/>

*In California, charities and certain other private nonprofit organizations may conduct raffles to raise funds for beneficial or charitable purposes. However, school entities, including student clubs, are not authorized to participate in raffles because they are not nonprofit organizations exempt from state tax as defined in the Franchise Tax Code. Rather, school entities are exempt from tax by virtue of being a government entity. It is possible for a private, non-district, non-ASB nonprofit group, such as a booster club, foundation, auxiliary organization or other parent-teacher organization to conduct raffles as long as the organization is a tax-exempt nonprofit organization with an approved tax identification number pursuant to Revenue and Taxation Code 23701d. The organization must have been licensed to do business in California for at least one year before holding the raffle and must register with the attorney general's Registry of Charitable Trusts before conducting the raffle, and ensure that written confirmation of the annual registration is received before holding the initial raffle. These nonprofit groups must register every 12 months and, for any given raffle, must ensure that the eligible organization uses at least 90 percent of the gross receipts from the sale of raffle tickets for charitable purposes. The group must also submit an annual report for all raffles conducted during the reporting year (September 1 through August 31) by September 1; the report must include gross receipts, expenses, net profit, and the charitable purpose for which they used the money. The raffle tickets and stubs must be numbered, and adults must supervise the drawing, which may not be conducted over the Internet.*

*Many school groups print tickets with the words "suggested donation" on them and call it a drawing rather than a raffle. This does not make it legal unless the group is prepared to give anyone who requests a ticket as many tickets as they want for free (no donation). And even if a district does this, it still runs the risk of someone challenging the issue because it is still legally a raffle. The only way to have a legal raffle is to work with an eligible nonprofit organization that has its own tax identification number, registers with the Attorney General annually and disburses 90% of the profits to a charitable purpose.*

Clearly, the district cannot conduct a raffle, but there is a method by which a non-profit organization, such as a booster club which is clearly separate from our ASB organizations and from the school district, can become eligible to conduct a raffle. To be eligible, they must:

1. Be a private, non-district, non-ASB nonprofit group, such as a parent group, education foundation or booster club.
2. Be a tax-exempt nonprofit organization with an approved tax identification number pursuant to Revenue and Taxation Code 23701d.
3. Be licensed to do business in California for at least one year.
4. **Register every twelve months with the Attorney General's Registry of Charitable Trusts, and** receive written confirmation of the annual registration before holding the initial raffle.
5. **Distribute at least 90% of the profits** to beneficial or charitable purposes. [Note: if these profits are distributed for use by ASB, student groups, or any other benefit of the school district, the distribution must be done in accordance with TUSD donation policies and administrative regulations.
6. Submit an annual report with gross receipts, expenses, net profit and the charitable purpose for which they used the money.
7. Use raffle tickets and stubs which are numbered, and adults must supervise the drawing, which may not be conducted over the Internet.