



Business Services & Operations

Gifts and Donations Guidelines

Most of this procedure is modified to be specific to Travis Unified School District and is based on information from:

The Associated Student Body Accounting Manual & Desk Reference
Published by the Fiscal Crisis and Management Assistance Team (FCMAT)
1300 17th Street
Bakersfield, CA 93301
Copyright 2007 by FCMAT

A complete, printable version of this publication may be downloaded at no charge at www.fcmat.org.

Background

Gifts and donations from parents, the community and business entities are vital contributions to California public schools. These gifts are made in a variety of ways and for a variety of purposes. Schools, school districts, and Associated Student Body (ASBs) accounts are frequently the recipients of gifts and donations.

Typically, these gifts are made for one of the following three purposes by the district or student body:

- For use at a specific school site.
- For use in a specific program.
- For student activities.

These gifts may be in the form of cash, scholarships, equipment or supplies. Often, an individual will make the donation at the school site and write a check to the principal. It is important for the principal to determine whether the donation is to the school District for the exclusive use at that school site or if the donor intends the donation to be given to the school ASB organization. The donor may not know or understand the importance of identifying specifically to whom the donation is intended.

There is a significant and practical difference between a donation to the school site and a donation to the ASB organization. In the former case, funds are allocated to a school site or program for adults to decide how they will be spent; in the latter case, funds are deposited into ASB accounts and students decide how the funds will be spent.

Donations of Cash to District for Specific School Site or Program

If the donation is made to the school District for a particular school site, the principal must remit the donation to the District business office. If the donation is a check or cash, the business office will deposit the funds with the county treasury and record the revenue as a donation for that school site. The school site budget will be adjusted to allow the principal to use the funds for the school. A separate budget is usually set up to identify donor funds and to show how they have been spent and the available balance. Expenditures of cash donations, unless otherwise noted in the gift, have the same spending restrictions as all other District funds. Unexpended funds at year-end are carried over to the new budget year. The principal may determine how to use the donated fund, within District guidelines or in accordance with the specific requirements of the donation.



Business Services & Operations

Gifts and Donations Guidelines

Donations of Cash to an ASB Organization

If the cash or check donation is intended for the ASB organization, the principal must deposit the cash or check into the ASB account. Ideally, the donor should note on the check, or by separate letter, that the donation is for the ASB organization. In the absence of a clear indication, the District's business office staff will generally assume that the donation was intended for the school and the money will be deposited in the District account for the benefit of the particular school and not the ASB. If the donation is for the ASB, it must be used according to ASB guidelines.

Ambiguous Situations

At the end of the year, after the books have been closed, auditors often find instances of funds that were deposited into the ASB bank account that appear to have been intended for the District for use at a particular school site, or vice versa. These situations are difficult to unravel and have the potential to cause misunderstandings among all parties. For this reason, the sections above on segregating donated funds at the time of receipt are important.

Donations of Material or Equipment to the ASB Organization

If the donation consists of material or equipment, the ASB advisor or bookkeeper must understand the District's requirements regarding this issue. All schools should have a rule requiring that all donations be formally accepted by the student body and properly recorded in the meeting minutes. It is also required that material or equipment donated to the ASB be approved by the school board. This is accomplished by completing the *REQUEST FOR ACCEPTANCE OF LOCAL DONATIONS/GRANTS* form and submitting it to the Business Office. In the case of equipment whose value exceeds \$500.00 it is important that the Business Office be notified so that the equipment may be added to the fixed asset account group. The District will then accept responsibility for maintenance in accordance with District guidelines, though not necessarily for replacement. Before accepting any donation of this type, it must be determined that there is a legitimate use for the item in the school program. For example, many people have donated computers and printers to school sites and/or ASB organizations, which soon found that the items did not work. It is the procedure in Travis USD that items are to be inspected and found to be usable before they are accepted. Installation and maintenance costs must also be considered before an item is accepted and is the responsibility of the site receiving the donation not the District unless prior arrangements have been made.

Donations of Scholarships to the ASB Organization

If they are large enough, donations intended as scholarships may require a separate bank account to simplify the tracking of interest earned by the principal amount. In these cases the school site will need to work with the District's business office to open a separate bank account for that purpose. Whenever possible, student organizations should attempt to persuade potential scholarship donations to be given without special award criteria or restrictions. This will allow the student organization to include the donation in its existing general scholarship fund without a separate bank account or selection and awarding process. A Memorial/Scholarship Donations Form provided as an attachment can help ensure that the donor's intentions are clear.



Business Services & Operations

Gifts and Donations Guidelines

Good Business Practices for ASB Donation Management

Use of the *REQUEST FOR ACCEPTANCE OF LOCAL DONATIONS/GRANTS* form listed on the District website can ensure that donations are recorded correctly. This form allows a donor's intent to be clearly stated to prevent ambiguity and subsequent audit exceptions.

When the ASB organization spends the donation, it is subject to the same policies and procedures as all other ASB expenses.

Tax Exempt Status

School districts, schools, and ASBs are frequently asked for the 501 (c) (3) tax identification number of the ASB organization when outside business or individuals are considering making a donation. The ASB and the District are not considered a private nonprofit 501 (c) (3) organization; rather, they have nonprofit, tax-exempt status by virtue of being a governmental entity. As such the Internal Revenue Service will not issue a 501 (c) (3) designation for the District. If individuals insist that they require the tax identification number of the District please refer them to the Business Office.

A sample letter has been posted on the District website that you may send out to provide documentation for your donor that their donation is tax deductible. This letter will meet donors need to document a tax-deductible donation. On some occasions donors may request more information regarding the District's tax deductible status. Please refer individuals or businesses to their own tax advisor. They may also obtain significant additional information from The Internal Revenue Service (IRS) website <http://www.irs.gov/> . This excerpt from the IRS website provides documentation that the donation is deductible:

Deductible As Charitable Contributions

Money or property you give to:

- Churches, synagogues, temples, mosques, and other religious organizations
- Federal, state, and local governments, if your contribution is solely for public purposes (for example, a gift to reduce the public debt)
- Nonprofit schools and hospitals