Guidelines for

SCHOOL CONNECTED ORGANIZATIONS

Paramount

Unified School District

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What is a School Connected Organization?

School connected organizations, such as booster clubs, foundations and parent organizations, are composed of parents and community 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. Such groups are commonly referred to as school connected organizations. They are an important means of connecting parents and other community members with the curricular and co-curricular activities of students and in some cases raising funds to support student activities and experiences.

The Paramount Unified School District (PUSD) Governing Board welcomes and encourages parental interest and participation. Booster clubs and parent organizations are legal entities, separate from the school district with which they are associated and are not governed directly by California Education Code. However, booster clubs and parent organizations do not have free access to schools and their students. The school district governing board and administration have, and must maintain, exclusive control and management of its public-school system as required by law. Booster clubs and parent organizations must apply for facility use permits for use of school district property, must maintain their own governance and tax documents as well as bank and financing information and must apply to permission to conduct fundraising activities for the benefit of the school district.

Booster clubs are not to be confused with Associated Student Body (ASB) organizations. While booster clubs are composed of parents and other adult community members, ASB's are composed of students and they are formed for the purpose of conducting activities on behalf of students. As such, ASB groups have been given the authority to conduct fundraisers and to spend money for the benefit of students. All activities and fundraising events that involve the primary participation of students should be conducted through the ASB. ASB advisors and students must follow the procedures set by PUSD. Booster clubs should serve as auxiliaries to the school program and should conduct activities and fundraising events involving the primary participation of parents and other adult community members, and follow the same procedures that are required of other third-party community organizations for access to school facilities and to conduct fundraising events.

Forming and Operating a School Connected Organization

Application for Board Approval

In order to fulfill its legal and fiduciary requirements, the school board requires school-connected organizations to submit an application. Any request for approval must

include a completed application with all the required documents, which can be obtained from the Business Services Department.

Authorization shall be granted for a period of one school year (July 1 – June 30). Requests for subsequent authorization must be presented annually. The District retains the right to revoke authorization if considered necessary at any time. Failing to follow the rules associated with booster clubs and parent organizations, such as paying a District employee directly, holding unsanctioned events, or failing to maintain itself as a legal entity in good standing, will result in revocation of the organization.

Separate Identity of the Organization

Booster clubs and parent organizations ("Organization") are legally separate entities from the Paramount Unified School District ("District") and must adhere to certain requirements to assure its independence in both fact and appearance. The Organization must register with the California Secretary of State and maintain status as a registered entity in good standing. Most Organizations will organize as a non-profit entity by complying with certain restrictions under the tax code. The Organization's name must not imply any form of responsibility on the part of the District, school or Associated Student Body ("ASB"). The Organization must maintain a separate legal address from the school and/or the District and must not use the school's address for correspondence. The Organization should set up their own email address that is not tied to a member's personal email address.

The Organization must obtain its own Employer Identification Number (EIN) and may never use the District's EIN. The Organization must operate its own banking account. Organization funds may not be commingled with the student body funds, school funds, or district funds. Organizations are responsible for their own tax status, accounting, and tax filings. The school District's tax-exempt status and identification numbers are not for Organization use.

Parent Teacher organizations that choose to be affiliated with the National PTA or California State PTA as a "Parent Teacher Association" agree to comply with the bylaws and rules set forth by those parent organizations. However, they are still subject to the policies of the school district with regard to facility use, fundraising, legal entity formation, banking, tax exempt status rules, etc.

Financial and Tax Matters

There are many federal, state and local laws that pertain to nonprofit entities. Because the Organization is not a legal component of the District, it is the organization's responsibility to be both knowledgeable and compliant with all pertinent laws.

Obtaining Tax Exempt Status

Organizations may wish to obtain tax exempt status. The term “tax exempt” generally refers to an organization that is exempt from Federal taxes under section 501(c)(3) of the Internal Revenue Code. Donations made to tax exempt organizations are sometimes deductible by the donor on his or her individual tax return. However, individual donors should consult their own tax advisor for tax advice. For an Organization to provide receipts to donors as a "charitable tax-deductible donation" the Organization must be officially approved by the IRS as a 501(c)(3) tax- exempt organization.

Booster and parent organizations must 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 the following Web sites:

www.irs.gov – The IRS web site has a special link for ‘Charities and Nonprofits’. There you will find instructions for applying for tax exempt status, reinstating the organization if it loses exempt status, requesting an employer identification number (EIN) and all the forms and instructions for the organization’s Federal tax obligations. There is also a tool to search the status of tax-exempt organizations, which is useful if you are unsure if your organization has already obtained Federal tax- exempt status or if the organization is up to date on its Federal filing obligations. Specifically, you may want to consult IRS Publication 557, “Tax-Exempt Status for Your Organization” which is also available on the web site.

www.ftb.ca.gov – An organization that is exempt from Federal income taxation is not automatically exempt from California income taxation. The California Franchise Tax Board (FTB) oversees the collection of tax and the tax-exempt status of California businesses. Their website contains information on filing for California tax exempt status and the forms and instructions for maintaining tax exempt status within the state. Download 3500 Booklet, “Exemption Application Booklet” and Publication 932, “Exempt Organization Filing and Compliance – General Information”.

https://oag.ca.gov/ - The California Office of the Attorney General (OAG) regulates fundraisers for the state and requires nonprofit organizations to register within 30 days of receiving its first asset (for booster clubs, the first asset is usually a donation). Registration is filed on form CT-1. Annually, booster clubs must file form RRF-1. See the website for more details.

https://www.cdtfa.ca.gov/ - A tax exempt organization is exempt only from income tax. Booster clubs are not sales tax exempt, unless they have filled out the proper application forms and received sales tax exempt status from the California Department of Tax and Fee Administration (CDTFA). 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 booster club or parent organization planning to conduct fundraisers involving the sale of goods or merchandise must obtain a California seller's permit in addition to board approval. While organizations with tax-exempt status are not generally subject to income tax on the proceeds they raise for the benefit of public schools, and in some cases are exempt from paying sales taxes on the proceeds from items they sell, they are still subject to pay sales taxes on items purchased. This includes, but is not limited to, the operation of concession stands, and selling of school spirit clothing or other items. Organizations may not use the seller's permit of another Organization or the District's sales permit number. Review the publication, Tax Guide for Nonprofit Organizations, or seek advice from a tax or legal professional for further information. https://www.cdtfa.ca.gov/industry/nonprofit-organizations/industry-topics.htm

Rules With Regard to Sale of Food:
http://publichealth.lacounty.gov/eh/business/certified-food-handler-manager.htm - The Los Angeles County Department of Public Health requires all food handlers to obtain a food handler's card and one person on site must be Serve Safe Certified. Refer to the website for more details. Please note that the school district also has policies regarding when, where and what kind of foods can be served or sold on school grounds. Please refer to these rules before conducting any service or sale of food.

Liability Insurance

Liability insurance is crucial for an Organization to secure because it provides financial protection in case the organization is sued for negligence, personal injury, property damage, or other covered claims. Without liability insurance, Organization members could be personally responsible for legal fees, settlements, or judgments.

Additionally, liability insurance can help protect the Organization's assets, including funds raised through various activities, from being used to cover legal expenses or settlements. This ensures that the Organization can continue its important work of supporting the school and enhancing the educational experience for students.

Furthermore, liability insurance can help attract volunteers and members by providing them with peace of mind knowing that they are protected in case of a lawsuit related to their volunteer activities with the Organization.

Liability insurance should be furnished in the following format:

Certificate Type	Industry-standard ACORD 25 form.
Certificate Holder	Paramount Unified School District, 15110 California Avenue, Paramount, CA 90723
Insurance Grade	Insurers with a rating at least equivalent to A.M. Best Company A:VII is required. Insurers shall be admitted in the State of California or shall be non-admitted insurers approved by the State of California. Any self-insured retentions or self-insurance must be approved by the District.
Additional Insureds	Endorsement (equivalent to ISO form CG 20 10 or CG 20 26) naming “The Paramount Unified School District, its board, officers, agents, employees, and volunteers” as additionally insured on the appropriate policies. Such insurance shall be primary and any insurance maintained by the District, its board, officers, employees, agents, and volunteers shall not contribute. The additional insured language shall be included on the operations box AND as a separate attached endorsement for the applicable policies.

Waiver of Subrogation	Must be included as an attached endorsement for the following policies, as applicable: commercial general liability, automobile, workers' compensation, and sexual abuse or molestation.

The following is a sample of liability requirements that may be applicable. The District reserves the right to adjust these requirements.

Commercial General Liability	Coverage equivalent in scope to ISO form CG 00 01 of $1,000,000 per occurrence / $2,000,000 aggregate. Additional insured endorsement and waiver of subrogation are required.

Fundraising Activities

Fundraising should be conducted with the goal of benefiting all students in the activity without identification of individual students. Programs, fundraisers or other activities sponsored by Organizations must be authorized and conducted according to local board policy, laws, and school rules.

The following are guidelines for booster/parent organizations fundraising activities within the District:

- Any fundraising activities initiated by the Organization shall be submitted to school administration for approval prior to the fundraising activity. (Appendix F)
- Use of the district or school name in fundraising activities should be approved by the school principal or designee and to ensure compliance with district policies and state law.
- Students shall not be involved in fundraising activities except as volunteers for the organization.
- Raffles and "Opportunity Drawings" are governed by the California Office of the Attorney General (OAG). https://oag.ca.gov/charities/raffles.
- At least 90% of the proceeds must go to the organization (50-50 drawings are illegal).
- Opportunity drawings must have a general and indiscriminate distribution of tickets. All tickets are offered on the same terms and conditions as the tickets for which a donation is given AND a ticket holder does not have to pay to win.

- All funds are collected and maintained by the organization and deposited into bank accounts held by the Organization. The District's tax identification number cannot be used. No funds shall be kept in ASB accounts.
- Funds raised by organizations must be used to support student programs; however, no student will be required to raise funds to participate in school programs and events. There is no "pay to play" in California schools and Organizations cannot require parents or students to contribute or fundraise in order to participate in school activities.

Funds raised by the Organization should be donated to the District for specific purposes, such as the purchase of specific items of equipment or to supplement the school budget for uniforms or tours. This is the preferred method. However, if particular items are purchased by the organization, these items must be donated to the school for use by the designated group in accordance with District policies and procedures. Before items are purchased, Organizations should consult District administration regarding District policies and standards to ensure that the items purchased are compatible with current District systems and programs. Once items are donated to the District, they are accepted by the Board of Trustees, and become school District property. The District has the right to dictate the allocation of any such funds or items to ensure fairness and equity in accordance with state and federal legal obligations.

Private Inurement/Private Benefit

No individual may personally or privately benefit from a nonprofit tax-exempt organization's fundraising.

The use of personal bank accounts for fundraising proceeds could result in denial or revocation of the parent organization's/booster club's tax-exempt status by the IRS or the California Franchise Tax Board. In addition, the individuals who received benefits from donors could become subject to income tax on these proceeds.

- **Assignment of Individual Fundraising Accounts**
  - Individuals that receive credit for funds raised individually as part of cooperative fundraising, may be subject to loss of tax-exempt status of those funds.
  - Individual fundraising accounts used to keep record of credits to an individual student or parent for funds raised are the impetus for this risk.
  - The IRS has indicated that use of individual fundraising accounts may disqualify a nonprofit organization's tax-exempt status.

- We encourage fundraising entities to approach fundraising as a group or cooperative effort in which all proceeds are accumulated and accounted for as a whole Organization and deposited directly into official organization accounts.

❖ **Capital Gymnastics Booster Club v. Commissioner (2013)**

- In *Capital Gymnastics Booster Club v. Commissioner* (2013), a United States Tax Court upheld the Internal Revenue Service's revocation of a parent-run booster club's tax-exempt status.
- In *Capital Gymnastics*, the deciding issue cited by the Court was that funds raised by parents were specifically earmarked for their own children.
- The *Capital Gymnastics* system also allowed parents to pay certain out-of-pocket costs and then fundraise less.
- Because of this fundraising structure, the Court found there was "private inurement" of specific dollars raised and earmarked for particular students and not the group generally.
- The Court ruled that this meant some parents were using the tax-exempt booster club to raise money solely to benefit their own children.

Donations to Schools

Purchases for Schools

Donations to the school shall be processed in accordance with board approved policies and procedures. Staff may make requests through their principal or designee to the Organization for desired donations, but it is the responsibility of the Organization's board of directors to determine the character of the donations. Donations to a school or the District must be accepted and approved by the Board of Trustees.

Donations of Supplies

Supplies are defined as consumable goods that are generally considered inexpensive, are nonpermanent and expendable in nature and are easily used up and replaced. Donated Supplies become the property of the school and District.

Donations of Services and Items

Funds should be donated to the school following the regular donation process. The purpose of the donation should be clearly indicated on the donation form so that the District may comply with donor requests, where feasible.

Once funds are donated, authorized personnel will purchase the item through the District's procurement process to ensure compliance with board policies, purchasing guidelines and state laws.

Equipment is generally defined as items that are permanent in nature, have a useful life of more than one year and are not easily damaged or replaced.
The Facilities & Operations department must be consulted prior to donation of any item requiring installation or a maintenance contract. Capital improvements, equipment (over $1,000), and uniforms may only be purchased with the prior approval of the principal and District authorized designee.

Donation of Support Personnel

Organizations may wish to pay for District employees to assist with school activities. Organizations are allowed to do so only with pre-approval from the Superintendent or designee and must donate funds to the school to cover the wages, taxes and benefits for the hours worked by the employee. The Organization should never pay District employees directly for work performed for school activities. Employees of the Organization or contractors hired by the Organization are never allowed to work directly with students. If an Organization wishes to pay for additional and/or extra-curricular services, the person to provide the services must be hired through the Human Resources Department. The funds must be sufficient to pay for the actual services plus any benefits associated with the employee.

Annual Accounting Audit

During the fiscal year, the district has the right to audit the Organization's financial records. In anticipation of District audits, the Organization should perform an internal audit of its records. This audit should be performed by individuals who are independent from the Organization's treasurer and President. This provides good internal controls over the financial records. If there are any questions from the membership or discrepancies noted, they should be brought to the attention of the president of the organization and a resolution reached prior to presentation to the general membership. All officers should make records available as requested by the internal auditors and the Business Services staff. Upon completion of the District audit, the executive members should submit a report to the general membership of the District's findings.

The District can perform an audit of the Organization annually (see list of compliance items found at the end of this booklet).

Discrepancies or Unallowed Expenditures

District staff can review all financial documents throughout the year. If at any point there are discrepancies or unallowed expenditures taking place, the Organization will be brought to the Board of Trustees and disqualified from remaining a School-Connected Organization of the District. Future activity will then be run through the ASB club account associated with the students related to this Organization.

Other Operating Procedures

Use of School Facilities

A District permit application must be submitted at least two weeks before the intended activity. District policy requires that parties requesting use of school facilities provide proof of insurance coverage for general liability and property damage.

For more information regarding facility use or to submit a facility use application, visit www.paramount.k12.ca.us.

School-Connected Food Sales

Booster and parent organizations must comply with state law as well as District policies and regulations on the sale of food on school premises. Food sales can only be held 30 minutes after school ends. No food sales are allowed on campus before school or during instructional time. Booster and parent organizations are encouraged to review and become knowledgeable of applicable laws including county food handling requirements, State and Federal nutritional standards, as well as the District's Wellness Policy.

Please note, the California Department of Education (CDE) recommends the following: "In order to minimize the risk of foodborne illness, foods prepared at home shall not be served to students during the school day. This does not apply to lunches and snacks brought from home for individual consumption."

Additionally, the Los Angeles County Department of Public Health (LACDPH) states the following: “Prepackaged, non-potentially hazardous foods and whole, uncooked fruits and vegetables limited to 25 square feet or less, do not require a permit from LACPH. Prepackaged means the food must be obtained from a commercial source with a label that identifies the manufacturer, the name of the product, a list of ingredients in descending order of predominance, and in packaging that prevents direct human contact. Non-potentially hazardous means foods that do not require refrigeration to prevent bacterial growth. Therefore, dairy, meat, poultry, fish, and cooked foods are prohibited.”

At the guidance of the District's insurer and in alignment with LACDPH regulations, the District does not allow the sale of homemade food items at school events. Pre-packed food sales that meet nutritional standards are allowed.

Please contact the Food Services department for more information on health department requirements and nutritional guidelines.

Tobacco, Alcohol and Drugs

Events sponsored by school-connected organizations shall be consistent with existing District policies establishing tobacco, alcohol and drug-free environments at all school functions.

Retention of Records

Since voluntary organizations often experience 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 be established. Records must be retained for every financial transaction and those records must support the revenues, expenses, assets and liabilities reported on the organization's annual 990 return. Some examples of records include receipt books, invoices, bank statements, general ledger and financial reports, income tax returns and minutes of board meetings. These types of records should generally be kept for at least four years after the close of the organization's fiscal year. Permanent records such as Articles of Incorporation or the IRS Determination Letter should be kept indefinitely.

Organizing Documents

As part of the application packet, PUSD requires that Organizations provide organizing documents that define the organization and govern its management and operational policies.

Bylaws

Bylaws of an organization that determine the fundamental aspects of that organization. Minimally Bylaws should include the following five elements:

- Name and purpose of the organization
- Membership information
- Executive Board or Officers
    - Positions and duties of each position defined
    - Position and term limitations
- Method of amendments to the constitution
    - By who

  - By petition of percent of members
  - By ballot

Adoptions or ratification of the constitution and any subsequent amendments shall require a majority vote of the Executive Board.

Bylaws determine the detailed guidelines of the fundamental aspects of the organization and describe the purposes and the daily work of the organization. Minimally the bylaws should include the following six elements:

- Duties and powers of Executive Board and Officers
- The composition and membership of committees
  - One such committee shall be the Audit Committee
- Successions
- Elections and qualification for office
- Finances
  - Statement of internal controls, authorization of financial activities
  - Who shall approve prior to any commitment
- Meeting schedule
  - For regular and special sessions
  - Time, manner, frequency
  - What constitutes a quorum
  - Who shall conduct meetings

Membership and officers

Typically, a nonprofit board has at least three officers: a president, secretary and treasurer. The president heads up the board and supervises the business of the organization. The secretary keeps the minutes of the board meetings. The treasurer keeps the accounting records of the organization and is responsible for the overall financial condition of the organization. District policy requires that a booster club have a treasurer at all times.

Membership in Organizations may include parents, community members, and school District staff. Due to possible conflicts of interest, District policy does not allow employees of the District to hold officer positions within a booster club of the school in which it is associated.

District staff may not have direct access to financial banking information. Allowing district staff to write checks from the Organization's banking account or to direct an

Organization member to write a check to them directly would be cause for the disqualification of the Organization.

General Do's and Don'ts

What to do:

- Obtain tax identification number and tax-exempt status.
- Open a financial account under the above criteria. Maintain records for continued status.
- Create a logo and name to be used; the school or District is separate. School or District logos should not be used without specific authorization of the Superintendent/designee; booster and parent organizations have their own identity.
- Raise funds through adult membership. Special projects may include students who volunteer.
- Maintain relationship with principal and his/her designee for input of needs.
- Donate all proceeds/purchases to the school District in accordance with District policy.
- Donate funds to ASB accounts for specific student teams/groups.
- Consult with the District maintenance department prior to purchasing items that require installation or business division prior to purchasing goods or services that require on-going maintenance contracts.
- All capitalized expenditures over $1,000 must be processed through the Purchasing Department of the District.

What Not to Do:

- Conduct fundraising activities requiring students to participate.
- Co-mingle booster or parent organization funds with ASB funds.
- Represent booster or parent organization activities as those of the District or one of its schools.
- Charge parents/students or imply that payments are required for participation in school sponsored activities.

References

Education Code Section 48930, 49530-49536, 51520, 51521
CA Penal Code Sections 320, 320.5
Board Policy and Administrative Regulation 1230, 1321, 1330

Frequently Asked Questions

Purpose of a Booster Club/Parent Organization

- Please clarify the difference between a booster club/Parent Organization and ASB.
    - Booster clubs/parent organizations are organizations run by adults with all decisions as to activities, money handling, and spending done by the members and executive board of each organization.
    - ASBs are District sponsored organizations located at school sites. Decisions are made by student councils with approval by the Principal.

- If we are not a booster club/parent organization, does everything go through ASB?
    - Yes, it is required 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.

Formation of a Booster Club/Parent Organization

- Where does the completed application packet get turned in?
    - The application should be first returned to the School Site Principal followed by the District Office - Business Services Department located at 15110 California Avenue, Paramount, CA 90723.

- What is the process for getting a tax ID number (EIN)? How long does it take?
    - An EIN application is very simple. Apply online on the IRS website at www.irs.gov/businesses and click on “Employer ID numbers”. You will be given an EIN immediately.
    - NOTE: You must use a legal residence, principal place of business or principal office in the US in order to use the online application (you may not use a P.O. address and you may not use a school or district address). If you have no physical address, you may apply by phone at (267) 941-1099. Full instructions are found on “Instructions for Form SS-4”. The IRS website recommends that you do not apply for an EIN until your organization is legally formed.

- How is the booster club/parent organization acknowledged by the District?
    - Booster clubs and parent organizations are required to submit an application each year to the school principal followed by the district office. The business services staff will notify the school principal if the

application has been approved or if more information is required prior to approval.

- Why do we have to submit an application every year?
    - California law requires that a school district's governing board (or designee) approve any organization that conducts fundraising activities for that school prior to any fundraising activity taking place.

- How should a booster club remain separate from the school when representing an organization?
    - The name of the booster club should be clearly identifiable such as "Pirate Football Booster Club" or "Paramount Pirate PTO" and should have their own identifying logo. Officers and members should never imply that they represent the school or district or are authorized to act in any way on its behalf. It is recommended that they identify themselves as a nonprofit organization raising funds for the activities in which they are associated. It is extremely important that booster clubs and ASBs are identified as separate organizations.

- Can the insurance just indicate the school as "additional insured" instead of Paramount Unified School District?
    - No. Paramount Unified School District needs to be listed as the additional insured on all Certificates of Insurance.

- I do everything and I am the treasurer. Do I need liability insurance, IRS nonprofit status, and a bank account?
    - Yes. Money you collect could be considered income to you by the IRS.

Booster Club Organization

- Where can the booster club obtain examples of bylaws and constitutions?
    - There is a sample Constitution & Bylaws used by ASBs in the FCMAT ASB Manual available at https://www.fcmat.org/ It might provide a structure for creating one for your booster club. Another booster club at your school site might provide a copy of their Constitution & Bylaws.

- 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.

- How many board members does a booster club need?
    - Your booster club Constitution & Bylaws will outline the number of board members and their duties, but most clubs have 3 to 4. There is usually a president, secretary and treasurer and often a vice-president, as well. District policy requires a treasurer position. Although occasionally one person may hold two offices, it is recommended that the president and treasurer position always be held by two different individuals.

- Are PUSD employees allowed to be a booster officer?
    - Due to possible conflicts of interest, District policy does not allow employees of the District to hold officer positions within a booster club of the school in which they are associated. District employees not assigned to the work location of the booster may still be an officer. PTA/PTSA's follow District and State PTA guidelines.

- What is the procedure for disbanding a booster club?
    - The club must notify the Business Services department and the school principal in writing. The bylaws of the booster club should contain a provision for the dissolution of the club. Club's assets should be donated to the corresponding ASB club. This outcome most mirrors donor intentions, as money was donated to support student activities.

      Additionally, the club must submit a final informational return to the IRS and FTB (Franchise Tax Board). Check the FINAL RETURN box on the first page of the return and write FINAL across the top. If the organization is incorporated, you will need to file a nonprofit Certificate of Dissolution (Secretary of State Form DISS NP within 12 months of filing the final return.

Booster Club Operating Procedures

- Can a booster club 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.

- Are booster clubs responsible for specific purchases such as the trophy case or CIF banners?
    - No. While many booster clubs show their support in this manner, there is no requirement to make this purchase. This would be a local decision

made by the booster club. That is certainly one example of how a booster club can provide their support and meet their 501(c)(3) goals.

- Can a booster club provide a "scholarship" to a student to help pay costs for entering a tournament that the student would otherwise be unable to play?
    - Booster clubs are not allowed to keep accounts of students. Therefore, the donations and fundraising efforts should be used to send all the students to the tournament. If it is not a school sponsored event, then it likely does not meet the specific activities outlined in the club's charter. In any event, no one individual student may benefit from decisions made by the booster club. The original charter of the booster club and State of California nonprofit and incorporation documents should be reviewed as to requirements.

- Can the booster club 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.

- Can you please explain the difference between "comingling" funds with ASB and making donations to the ASB account for club/team purchases?
    - The "comingling" restriction has to do with money. ASB money cannot be deposited into booster club accounts. Booster club money cannot be deposited into ASB accounts. Booster club money can never be deposited into members' bank accounts. Booster clubs should maintain their own bank accounts using their own EIN. Clubs can fundraise and then make a donation of cash and/or supplies if they wish.

Fundraising

- ASB fundraising vs. Booster Club, who gets priority?
    - Since ASB is a school sponsored activity which is for students and by students, ASB fundraisers will always have priority over booster club fundraising.

- Can fundraising be done for future projects?
    - Yes. Fundraising activities and their purpose are decisions made by the Organization within the bounds of their designated tax-exempt purposes.

- Can fundraisers be on school campus if after school hours?

- All fundraisers must have approval by the school site and the Organization must comply with all rules and regulations, including obtaining a use of facilities permit, California reseller's certificate (if applicable), food handlers' card (if applicable) and any other government mandated requirement.

- If the fundraiser will not take place on school property, does the Organization still have to get District approval?
  - Yes, Board approval is needed to conduct any fundraising activity being conducted for the benefit of the District or its students. See Appendix F.

- Can students participate in fundraisers?
  - Fundraising by Organizations should be primarily conducted by the adult volunteers, families may voluntarily participate. The school's ASB is the primary fundraising mechanism of the students. Additionally, 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.

Financial Procedures

- How much money is allowed to be carried over each year?
  - There is no specific amount that a nonprofit organization should aim to carry over from year to year. While donors have a general expectation that their donations are to be used immediately, there is no IRS rule stating that donations must be used in the year in which they are received. The officers of the Organization should carefully examine the expected revenues and expenses of future years to determine a reserve appropriate for their organization.

- When money is collected for our Organization, who do we check the money in with?
  - This is an Organization decision. Organizations are responsible for handling their own monetary transactions. It is recommended that each Organization develop policies and procedures for the handling of money collections and disbursements.

Limit of Liability

The Organization is not a school sponsored activity and participation in the Organization or in Organization activities is purely voluntary. Organizations are

separate from the District. Organizations are not under the control of, nor are they the responsibility of, the school or District administration, or the Board of Trustees.

Organization funds are not controlled by the District or students. Likewise, Organizations will not be involved in the administering or supervising of the activities of student organizations. No Organization should lead others to believe it is in charge of or has any responsibility for school activities, especially within the sport or activity the booster club supports.

This manual establishes policies and procedures to be followed by booster clubs and parent organizations that are operating within the Paramount Unified School District. School site and District administration may help advise booster clubs and parent organizations on management, policies and procedures. The District's business services department will audit the Organization's financial statements to ensure financial integrity. However, the District assumes no accountability or liability for the operation and management of booster clubs or parent organizations. Any financial obligation incurred by a booster club or parent organization shall be solely that of the booster club or parent organization.

As entities separate from the District, the booster club should also recognize that school or District personnel may not manage or direct the booster club or parent organization operations. Neither the school or District may lead others to believe it is in charge or has any responsibility or authority over a booster or parent organization.

Appendix A - Board Policy 1230: School-Connected Organizations

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. (Education Code 49011)

Appendix B - Administrative Regulation 1230: School-Connected Organizations

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 signature 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, along with a financial statement showing all income and expenditures from fundraisers. 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.

Appendix C - Audit Checklist

The list of requested documents is as follows:

- ☐ Copies of Articles of Incorporation
- ☐ Copies of the Bylaws
- ☐ IRS letter assigning an EIN (employer identification number) to the Organization
- ☐ IRS determination letter recognizing tax-exempt status of Organization
- ☐ Current names and contact information for the Organization's Officers (president, vice-president, secretary, treasurer, etc.)
- ☐ Names of all members of the Organization
- ☐ Documentation of any restrictions on the use of any particular funds or donor gifts
- ☐ Copies of IRS Form 990 for the calendar year under review
- ☐ Copies of Form 1099s
- ☐ Copies of treasurer's reports / financial statements for the period to be reviewed
- ☐ List of all bank and investment accounts, including names and contact information of persons authorized to sign on each account.
- ☐ Copies of all bank and other financial statements for the period to be reviewed
- ☐ Copies of all bank and investment account reconciliations for the period to be reviewed
- ☐ Copies of all checks or disbursements made from the accounts with description of use
- ☐ Cash tally sheets or cash receipts journal for fund raising activities
- ☐ List of inventory purchased, sold and on hand
- ☐ Invoices, receipts and other documents
- ☐ Copies of any fundraiser flyers or advertisements dispersed in any format (paper, email, social media etc.

Appendix D - Annual Authorization for School Connected Organizations to Fundraise

This packet is required every year from organizations in order to raise funds for Paramount schools.

Attachments: Please attach all information listed. The application is considered complete when all documents and attachments have been submitted.

Submission: The completed forms with attachments are due to the Business Services Department at the District Office no later than the third Friday of each September for the school year. Please keep a copy for your records. A signed copy will be returned to the organization once District approval has been obtained.

Assistance: For assistance in preparing the application, please contact Business Services at (562) 602-6025.

Facility Use Department: For assistance in submitting a facility use request, please contact Facilities at (562) 602-8088.

Name, Purpose, and Objectives of the Organization

Legal Name of the Organization: _____ **School Site**: _____ **EIN #**: _____ **School Year**: _____
Purpose of the Organization: _____ _____ _____
List Specific Objectives of Organization: _____ _____ _____
Application Type: [ ] New Application [ ] Renewal Application

Bylaws, Rules, and Operational Documents

Adopted bylaws	[ ] Attached to application
Bank used by Organization: Name: _____ Address: _____	
Organization EIN #: _____	
Names of individuals authorized to withdraw funds:	
First Name:_____ Last Name:_____ Position:_____ Phone #: _____ Email:_____	
First Name:_____ Last Name:_____ Position:_____ Phone #: _____ Email:_____	
First Name:_____ Last Name:_____ Position:_____ Phone #: _____ Email:_____	
Planned use for any money remaining if the Organization is not continued or authorized to continue in the future: _____	
Financial statements showing all income and expenditures, if any:	[ ] Attached to application [ ] Not applicable (include reason): [ ] If there is a significant ending account balance, provide an explanation as to the reason for the savings and approval for such savings.
Evidence of liability insurance coverage:	Attach a Certificate of Insurance (COI) with the following evidence of coverage. [ ] Commercial General Liability ($1,000,000 /$2,000,000) [ ] Certificate Holder: Paramount Unified School District, 15110 California Avenue, Paramount, CA 90723 [ ] Additional insured endorsement naming "The Paramount Unified School District, its board, officers, agents, employees, and volunteers" as additionally insured.
State Incorporation Status:	[ ] California Certificate of Status attached to application. EIN: _____ [ ] Not yet incorporated
Federal IRS 501(c)3 Status:	[ ] Federal determination letter attached to the application. [ ] Not yet filed

Organization Officers | Leave blank if the position does not exist or is vacant

Name of Organization:_____ **School Year:** _____

School Site: _____ **EIN #:** _____

Officers Information

President

Full Name: _____

Address: _____

Phone Number: _____ Email:_____

Vice President

Full Name: _____

Address: _____

Phone Number: _____ Email:_____

Treasurer

Full Name: _____

Address: _____

Phone Number: _____ Email:_____

Secretary

Full Name: _____

Address: _____

Phone Number: _____ Email:_____

Non-Discrimination Statement

_____ ("Organization") will not engage in unlawful discrimination in its operations, activities, or membership practices. The Organization is committed to promoting equality and inclusivity and will adhere to all applicable laws and regulations regarding non-discrimination. We affirm that our bylaws, rules, and procedures expressly prohibit discrimination based on race, color, religion, sex, national origin, age, disability, genetic information, sexual orientation, gender identity, or any other characteristic protected by law. We understand the importance of fostering a diverse and inclusive environment and will take proactive measures to prevent discrimination and ensure equal opportunities for all individuals.

Statement Granting Right to Audit Financial Records

_____ ("Organization") acknowledges and agrees to grant the Paramount Unified School District ("PUSD") the right to audit the group's financial records, either by assigned district personnel or a certified public accountant, at any time. This includes, but is not limited to, audits related to financial discrepancies, compliance with financial regulations, or any other circumstances deemed necessary by the district.

General Acknowledgement

- The Organization has received, read, and understands the District's "Guidelines for School Connected Organizations" handbook.
- The Organization acknowledges that it shall not act as an agent of the district or school. It shall operate independently and be responsible for its own actions and decisions.
- The Organization acknowledges that it 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.
- The Organization acknowledges that it 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.
- The Organization acknowledges that funds of the school-connected Organization shall not be co-mingled with district funds, including associated student body funds. Proper accounting and financial management practices shall be followed at all times.
- The Organization acknowledges that it shall not hire or directly pay any district employee. If the 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. Employees may volunteer to perform activities for school-connected Organizations during non-working hours at their discretion.
- The Organization acknowledges that any fundraising activities initiated by the Organization shall be submitted to school administration for approval prior to the fundraising activity.

Organization Signatures

As an officer of Organization, I hereby acknowledge that I have read and understand the policies outlined in this document. I certify that all information provided is true and accurate to the best of my knowledge. I understand that any false statements or misrepresentations may result in consequences as outlined by law and/or District policies. Further, I understand that the authorization for a school-connected Organization to conduct activities in the district may be revoked at any time by the Superintendent or designee.

Name of Organization:_____ **School Year**:_____

School Site:_____**EIN #:** _____

Full Name: _____Title:_____

Signature: _____Date: _____

Full Name: _____Title:_____

Signature: _____Date: _____

School Signatures

As Principal of _____ ("School"), I hereby acknowledge that I have reviewed and recommend the below action to the District. I have read and understand the bylaws and BP/AR 1330, which serve as the rules, and procedures under which the Organization will operate. Further, I understand that the Organization is a separate entity from the school and district and is subject to its bylaws, operational procedures, and in accordance with law, Board Policies, Administrative Regulations, and any rules of the sponsoring school.

[ ] Approved [ ] Denied

Full Name: _____Title:_____

Signature: _____Date: _____

District Signatures

As Superintendent or designee, I hereby acknowledge that I have reviewed the Organization's application and recommend the action below to the Paramount Unified School District Board of Trustees. If approved, it is contingent upon the Organization's continued compliance with its own bylaws and applicable Board Policies, Administrative Regulations, and any rules of the sponsoring school. Approval may be revoked at any time in accordance with board policy. If denied, the Organization may resubmit within 30 days.

[ ] Approved [ ] Denied

Full Name: _____Title:_____

Signature: _____Date: _____

Appendix E - Insurance Requirements

Any booster club who INVITES a vendor to participate in a fundraiser for their event is required to have the vendor provide a Certificate of Insurance with a signed Additional Insured Endorsement naming the District as an additional insured from that vendor.

Certificate of Insurance:

- Evidence of general liability coverage must include $1 million per occurrence for property damage and $1 million per occurrence for bodily injury
- A brief description of the activity/event must be indicated in the description of operations section
- Evidence of workers' compensation coverage providing statutory limits and employers' liability limits of $1 million. Workers' compensation insurer agrees to waive all claims against PUSD
- If the Workers' Compensation and Employers' liability coverage does not apply to you, then you must provide a signed statement attesting to the District that no person, working the event, is being employed/contracted by you or your organization
- The Certificate Holder on the Certificate of Liability must read as follows: Paramount Unified School District, 15110 California, Avenue, Paramount, CA 90723
- The Additional Insured Endorsement must read as follows: The Paramount Unified School District, its board, officers, agents, employees, and volunteers".

Paramount Unified School District, its officers, agents, employees and volunteers must be listed as additional insured on a separate endorsement page* for general liability insurance requirements.

Please note that additional documentation may be needed from your vendor. For example, if you are using a food vendor at your event, the District will require a copy of the vendor's health permit and proof of auto insurance if a vehicle will be on District property.

Failure to provide any of these documents will result in the denial of your request for Use of Facility.

Appendix F – Fundraising Events

Please complete the information for each event that the Organization anticipates hosting this year. Please attach additional pages if needed.

Name of Organization: _____

School site: _____ EIN#: _____ School year: _____

Name of event	
Event description	
Event date	
Event times	
Event location	
Event contact person (name, title, email, and phone)	
Will District facilities be used? *If so, please make reservations via https://www.facilitron.com/pusd90723.	
Approximate number of volunteers?	
Will food be served or sold?	
How will the organization pay for any fees necessary to hold the event?	
What is the anticipated use of any funds raised from the event?	
Will the event require permits, license, or other approvals? *If so, how will the organization apply for and obtain such approvals and who will be responsible?	

Site Administrator Approval: _____ Date: _____

District Approval: _____ Date: _____