COAHOMA

INDEPENDENT SCHOOL DISTRICT

Fundraising and Activity Funds Procedures Manual

Fiscal Year

2022-2023

BUSINESS/FINANCE OFFICE STAFF

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ACTIVITY FUNDS

Activity funds are used to account for district, campus and student funds generated from fundraisers, vending machines, rentals, gate receipts, concessions, and other sources of revenue. All funds collected by school district personnel from students are defined as activity funds and must be handled through the activity funds accounts. These funds are held in trust by the district and are used to promote the general welfare of the school and educational development and morale of all students.

Most school districts manage activity funds in accordance with two board policies: CFD Legal and CFD Local. These policies address the fiduciary responsibility, use and expenditure, and other related topics regarding activity funds.

There are two (2) primary types of activity funds: Campus and Student Activity Funds. In general, the source of revenue determines the type of activity fund.

Campus Activity Funds

Campus Activity Funds are generally under the control of the campus principal. The revenue sources in this type of fund generally include vending machines, concessions, campus fundraisers, and commissions from school pictures, publications, or school stores. Funds are raised locally at the school or donated to the school and belong to the campus. This fund may also include sub-accounts for the library, grade level, or other groups not defined as a student club or organization.

The money must be expended to benefit the student body and have a public purpose in the realm of education. The sponsor and/or principal decides upon the use of the funds. Funds are deposited and disbursed in the Activity accounts by Business Office personnel. The campus principal must approve disbursements. All fundraisers, cash collection and disbursements are subject to CISD procedures and regulations. TEA considers campus activity funds to be district general funds. Expenditures of these funds must comply with state law, school board policy, and with district regulations.

Student Activity Funds

Student Activity Funds generally belong to a bona fide chapter such as student groups or organizations. These funds do not belong to the campus or the district; however, the district must act as a trustee of the funds. These funds are accounted for in a trust fund group and are deposited and disbursed in Fund 865.

According to the State Comptroller's Office, a bona fide chapter is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially, any student group that is recognized by the school and is organized by electing officers, holding meetings, and conducting business are bona fide chapters of the school.

The revenue sources of the fund typically include fundraisers and dues. All expenditures from this fund must be expended for the benefit of the students as approved by the students. The club or organization sponsor shall oversee the funds. Ultimately, the responsibility of this type of fund is also under the control of the campus principal.

Decisions about the expenditure of student activity funds are made by the students of the group with the assistance of a campus employee sponsor. The student group must be recognized by the school and have elected officers. The group must hold meetings and take minutes. The minutes must be approved by the group and signed by the club president. Meeting minutes authorizing the disbursement must be attached to the request for payment and retained by the group sponsor. All fundraisers, cash collection and disbursements are subject to CISD procedures and regulations. The group shall indicate its wish for the use of any funds left after the student group disbands.

Funds belonging to outside groups, such as PTO, booster clubs, or outside clubs ARE NOT Activity Funds and ARE NOT to be the responsibility of the school district. Although these groups and their activities are closely related to school functions or events, they should not be handled by district employees.

Booster Clubs and Parent Organizations

Booster Clubs and Parent Organizations are composed of parents, community members, and/or staff volunteers coming together for the purpose of supporting specific school activities to benefit students. For example, athletic teams, debate teams, and musical groups. This type of organization is known as a school-connected organization.

The most common school-connected organization is Parent Teacher Association/Organization (PTA/PTO). School-connected organizations are associated with, but separate from the school district. Booster Clubs and Parent Organizations do not have free access to schools and students. The Board of Trustees and school administration must maintain exclusive control and management of the school system.

A clear separation of responsibilities between the district and school-connected organizations should be maintained. School-connected organizations serve as auxiliaries to the school system and conduct activities and fundraising events involving the primary participation of parents and other adult community members.

Funds raised by school-connected organizations are used to support programs. The preferred method is to direct funds to the district for specific purposes. Such as the purchase of specific items of equipment or to provide financial assistance to students for uniforms or trips.

Booster Clubs, PTO's, and other associated groups may not use the district's tax exemption certificate or employer ID number. By law, these groups must obtain their own tax exemption certificate and employer ID number. Sponsors should never give these groups CISD's number.

RESPONSIBILITIES

Campus Principals

Campus Principals have ultimate responsibility for the proper handling of activity funds on their campus, the correct accounting for these funds, and the overall adherence to the procedures and guidelines set out in this handbook.

Campus Secretaries

Campus Secretaries are responsible for following CISD procedures and guidelines in processing transactions. They may assist the sponsor with the purchase orders or check payment requests. They may also assist with the deposit of funds.

Club and Activity Sponsors

Club and Activity Sponsors are responsible for following the procedures and guidelines as set out in this handbook. Unless pre-approved by the Superintendent and Campus Principal, only **certified** personnel may be assigned as official sponsors of Activity Fund Accounts. Paraprofessionals may assist with the collections and preparation of paperwork transactions for the accounts. Parents and students may help with activities and count money. However, the official sponsor (administrator, counselor, or teacher) should be cognizant of all the account activities and should sign off on all check requests and deposits.

CISD Business Services

CISD Business Services is responsible for maintaining and updating these procedures and guidelines for activity funds, providing training, processing requests for payments, depositing funds, and reviewing the activity of the funds to ensure adherence to procedures and guidelines.

Independent Auditors

Independent Auditors will include activity funds in the annual independent audit of the district's financial records.

CISD FUNDRAISING PARAMETERS

The Approval Process

- Each student organization/group is allowed **TWO** approved fundraising events per year- one per semester. The two fundraiser limit does not apply to Booster Club/PTO organizations.
- All fundraising activities **must be approved by the principal or designee and the Business Office** NO later than one week in advance of beginning fundraising activities.
- Submit a Fundraiser Activity Approval Form to your principal or designee
- Enter a requisition and/or check request for the items that are purchased to sell under the fundraiser.
- At time of fundraiser approval, coordinate deposit of monies with the principal's secretary and/or Business Office.

Student Participation

- Door-to-door fundraising by students in activities sponsored by the school or by a school related organization is prohibited.
- Participation in fundraisers is voluntary – not a requirement.

Use of Funds

- Fundraisers must be held for a specific purpose and the proceeds must be used for that purpose. For example, if you sponsor a car wash to help pay for a field trip, the funds must be used for the field trip. General purpose fundraisers are allowable.
- IRS Regulations prohibit the practice of tracking and assigning individual participation for fundraisers. Any funds generated are to benefit the entire group.
    1. If an individual is expected to pay for part of the activity, then it is acceptable to deposit and track those funds within the activity account. For example, if the fundraiser only generates a portion of what is required for the entire group and the students are responsible to pay the remaining portion, the student's responsibility should be tracked individually. Keep in mind, the fundraiser must benefit the ENTIRE group – not just the Student(s) who sold items.
- Funds should ***not*** be used for:
    1. Financing the attendance of school personnel and meetings, except in the capacity of faculty sponsor(s) on student trips.
    2. Payment of professional dues for school personnel.
    3. Medical or hospital expenses of school personnel.
    4. Any activity that does not promote the general welfare of the school or the educational development and moral of students.

- Funds ***may*** be used for:
    1. **Trips** – Monies raised by clubs, class/student groups to finance trips related to student activities for faculty sponsors and students may be expended with approval of the principal or designee and the Business Office.
    2. **Recognition** – Merit certificates, trophies, plaques or other means of recognition with nominal value may be purchased from Student Activity funds in recognition of scholastic, attendance or participation in the organization. Awards for participation in the fundraising activities are discouraged.
- Funds ***may NOT*** be used for:
    1. **Awards and Prizes**- Funds raised in the school's name may NOT be used to pay cash awards or to buy cash prizes for individuals. Prizes include gift cards, cash awards, savings bonds, money orders, or any other medium which can be easily converted to cash.
    2. **Gifts**- Funds raised in the school's name by the student body or student groups may NOT be used to purchase gifts for school personnel or to make cash contributions to individuals or families.

Charitable Organizations

Fundraising activities may be organized to benefit a particular charity. The fundraiser for charity must be approved via submission of a Fundraiser Approval Form. The charity must be a qualified 503(c)(3) charity (approved by the Internal Revenue Service). Funds may NOT be raised for an individual student or family. **The number of charities to be supported is limited to TWO per campus per year.**

Refunds

Refunds can result from various reasons including the cancellation of field trips, overcharges on books, items not sold, etc.

- Refunds are allowable when funds collected for a service or product are not fulfilled.
- Money raised in the school's name may not be refunded to students.
- A Check Request Form should be submitted for checks to be issued directly to individuals for refunds.

Raffles

Raffles are not allowable fundraisers for school districts or activity fund clubs. Attorney General Opinion No. JM-1176 states that independent school districts and their related activity fund accounts are not qualified to hold charitable raffles.

Crowd Funding/On-line Donation Sites

Whether conducting a traditional fundraiser or seeking donations through the use of an on-line fundraising site, all district fundraising procedures are to be followed. When funds are raised for the benefit of the district, those funds must flow through either the district or an approved organization (PTA, Booster Club, Student Clubs, etc.). In addition to the other procedures required by this manual, the following procedures shall be adhered to when conducting a fundraiser via an on-line donation site that uses connections to CISD to raise funds.

1. The individual seeking funds shall complete a Fundraiser Activity Approval Form. The campus principal reviews and approves the campaign for appropriateness, ensures the campaign meets goals and objectives as it relates to the Campus Improvement Plan, and oversees the campaign.
2. The fundraiser is established in compliance with the following requirements:

a). Include the district, campus, and teacher name on the project website.
b). Set a project deadline of 45 days or less.
c). Provide information to donors regarding service fees to be deducted.
d). Follow district purchasing requirements when using funds collected.
e). Ensure technology items meet district technology requirements.
f). Ensure donations received/items purchased remain on campus.

3. Upon completion of the project, report donations received to Business Services using the Fundraiser Reconciliation Form.

Individuals seeking funds via an on-line fundraising site may **NOT:**

1. Withdraw funds into personal banking accounts (funds should be requested from the site via a paper check).
2. Transfer donations from campus to campus.
3. Ask for donated items to be mailed to employee homes.
4. Seek funding for personal reasons, individuals, political reasons, or start-up businesses using a connection to CISD.
5. List fundraising for a charity (i.e. American Cancer Society, fundraising for a local natural disaster) unless pre-approved by the Superintendent of designee.
6. Pressure parents, students, or others to make donations to the site.

FUNDRAISING

Prior to initiating any sales from a fundraiser, the sponsor/campus must receive approval to conduct the fundraiser. Once the fundraiser is complete, the sponsor/campus shall submit a fundraiser reconciliation. Failure to secure approval for a fundraiser and/or submit a final accounting of the fundraiser may lead to restrictions on future fundraisers.

1. The campus principal should pre-approve all fundraisers. The sponsor should complete a Fundraiser Activity Approval Form for submission to the principal for approval. The Form is then submitted to the Central Office for final approval. Upon approval, the sponsor will receive a copy of the approved request with an assigned Fundraiser Number. The Fundraiser Approval Form shall be submitted as soon as the sponsor decides to hold a fundraiser – no later than one week prior to the start of fundraising activities.

2. Once approval has been received for the fundraiser and a fundraiser number has been assigned, the sponsor must enter a requisition to the vendor for the items to be sold. This is not required for fundraisers involving events or performances.
3. Sponsor responsibilities are as follows:
   a. The sponsor is responsible for maintaining accurate records of all sales activities and accounting for all items purchased from vendors for resale.
   b. Sponsors shall take care to select a reputable company for the purchase of fundraising materials. In addition, the sponsor shall maintain a good relationship with district vendors by submitting bills to the central office for payment in a timely manner.
   c. Sponsors must keep control of the merchandise and money. Both shall be secured at all times.
   d. Sponsors shall keep accurate records of purchased items and funds received, collect all money due to the activity account, and keep a detailed list of any amounts due from students. Sales details shall be turned in to the central office with all funds collected. The principal shall be notified if student obligations are not paid.
4. Within 6 weeks of the conclusion of the fundraiser, the sponsor shall submit the Fundraiser Reconciliation Form to the central office.
5. **Raffles are not allowable fundraisers for school districts or activity fund clubs.** Attorney General Opinion No. JM-1176 states that ISD's and their related activity fund accounts are not qualified to hold charitable raffles.
6. Fundraising by individuals using CISD issued equipment or name is **not allowed**.

CASH HANDLING PROCEDURES

Control Procedures for Funds

CISD employees are placed in a position of extraordinary trust by parents and students when funds are placed in their care. Adequate measures to control these funds will assure parents and students that the funds are being handled properly. The ultimate goal is to provide assurance and protection that Activity Fund control procedures have been established.

Depositing Funds Collected

All deposits will first go through the school secretary or Secondary Business Secretary before coming to the Business office. All funds shall be deposited within three days.

Under no circumstances shall collected funds be kept in a desk, classroom, purse or other unsecured location.

Expenses CANNOT be taken out of cash receipts before being deposited. Total funds collected are to be deposited in full. Requests for payment (Check Requests or Purchase Orders) are to be prepared separately when payment is required.

1. Checks shall be made payable to Coahoma Independent School District. All checks should be endorsed with a "restrictive endorsement" upon receipt (For Deposit Only).
2. Each deposit slip must contain the following information:
   a. The date and the amount of the deposit.
   b. The name of the group the deposit belongs to as well as the group's account code and the fundraiser number assigned to the fundraiser.
   c. A brief description of the revenue source (i.e. candy sales, candle sales, t-shirt sales, etc.) shall be listed on the Deposit Reconciliation Sheet. Include the group name and account number.
3. Deposits are made using a three-part deposit slip. All three parts are taken with the money to the bank. After verification by the bank, the pink and yellow copies shall be sent to the business office along with the deposit tabulation sheet. The bank keeps the white copy. The sponsor will be sent the pink copy of the deposit slip and a copy of the deposit tabulation sheet.

All money collected must be submitted in the same form as collected. No one is permitted to substitute his/her personal check for cash collected. No personal checks are to be cashed from the funds collected.

Payments from Activity Funds

Funds may not be disbursed without the written authorization of the principal. Club and class accounts must be used for the intended purpose stated at the time the account was created. The principal must ensure that expenditures or transfers from those accounts are within the intended purpose and cannot divert funds for other uses.

1. No expenditures shall be approved by the principal unless sufficient funds are available in the appropriate Student Activity Fund account unless funds are anticipated in the very near future.
2. Purchases from activity funds shall be made via the online requisition system (TxEIS) or by check request forms. If the campus receives the vendor invoice, the invoice shall be forwarded to the business office for payment. Campus activity funds are subject to state bid laws.
3. All invoices shall be submitted to the business office for payment in a timely manner. Any disputes over billing shall be brought to the attention of the business office.
4. Activity funds shall not be used for any purpose that represents an accommodation, loan, or credit to district employees or others. Post-dated checks may not be cashed for anyone. School Board Trustees, employees, or others may not make purchases through

the activity fund in order to take advantage of district purchasing privileges or credit capacity.

5. Schools and school organizations are not permitted to execute external debt instruments of any kind (including leases). School activity projects requiring financing on any deferred or installment repayments must be submitted to the business office for pre-approval.

Allowable Expenditures

The principal shall use discretion in expending funds in accordance with the stated basic purpose of the various funds. The collecting and expending of Campus Funds shall have as its basic purpose the promotion of the general welfare of the school and the education, development and morale of all students. Activity Funds must be expended to benefit the student body and have a public purpose in the realm of education.

The collecting and expending of Student Activity Funds shall be in accordance with the stated purpose of the particular funds. Within this purpose, funds shall be expended to benefit the group that is responsible for raising such funds.

1. Funds resulting from school-wide fundraisers and vending machines located in student areas must be expended to benefit the general student body. These expenditures may include supplies, equipment, or activities.
2. Funds resulting from fundraisers held by a specific club or other group shall be expended to benefit the members of the club or other group in accordance with the stated purpose of the club or group.
3. Donations from student club funds are permissible provided that the club sponsor and members approve the donation. (See SISD parameters for Charitable Organizations)
4. Funds raised in the school's name by the student body or student groups may not be used to purchase gifts for individuals (including school personnel). Gift cards, cash awards, or prizes including currency, checks, savings bonds, money orders, or any other medium that can be readily converted to cash.

State and Local Sales Taxes

Tax exemption status does not relieve the district from the obligation of collecting sales tax on its sales. An exempt organization (such as a school district) is responsible for collecting and remitting tax on all sales of taxable items made by the organization unless such sales are otherwise exempt from the tax.

In general, a purchased item is exempt from paying sales tax if the item enables the school to fulfill its educational purpose. However, a school purchasing taxable items for resale must collect sales tax when the items are sold.

Taxable Items

The following items are examples of taxable sales items:

- Athletic/PE equipment and uniforms sold directly to students.
- Athletic event concession sales if not part of an organization's fundraiser.
- Other forms of clothing sold directly to students.
- School rings.
- Student publications such as yearbooks.
- Non-food items sold fundraisers such as candles, cookbooks, t-shirts, caps, etc.
- Items manufactured by students and sold.

Tax-Exempt Items

The following items are examples of tax-exempt sales items:

- Food products, including candy and soft drinks, when sold in the school during the school day (must comply with FMNV rules).
- Food sales when sold by a person under 18 years of age who is a member of a group associated with a school as part of a fundraising drive sponsored by the organization.
- Soft drinks, candy, popcorn, etc. are not taxable when sold at campus dances or similar events after the regular school day as the sales are part of an organization's fundraiser.
- Athletic event concession sales that are part of a fundraising event.
- Magazine subscriptions sold for 6 months or longer.
- School newspapers.
- Club membership or dues.
- Admission tickets for a school or PTA carnival, assembly, athletic event, drama, and dance.

NOTE: This is NOT an all-inclusive listing of taxable and tax-exempt items. Please contact the business office for questions regarding the tax status of an item.

FREQUENTLY ASKED QUESTIONS

What makes an activity a fundraiser?

The activity is a fundraiser when there is a collection of money for goods with the intent to raise funds. Fundraisers include sale of items, payment for services provided, and events. A fundraiser may make a profit, break even, or lose money. While all fundraisers shall be held with the intent to raise money, the activity may result in a loss of money when the costs exceed the revenue generated. Fundraisers shall be conducted with the intent of generating a minimum profit of 50%.

Who can conduct a fundraiser?

Campus

A campus may have a fundraiser to benefit the campus, staff, and students. The campus should not have a fundraiser for the sole purpose of accumulating funds in its campus activity account or to fund curriculum related activities. Campus fundraising projects should be organized, controlled, supervised, and performed by district staff and not by PTA/Booster Clubs or other individuals. Each campus is limited to TWO school-wide fundraisers per year. School-wide fundraisers shall be conducted with the intent of generating a minimum profit margin of 50%.

Student Organizations

A student organization must have a student activity account established. If an organization needs to be established, complete the Proposal Form/Packet for a new club or organization and submit it to the high school principal for approval. Student organization fundraisers shall be organized and performed by the student club, and controlled and supervised by the sponsor. Each school sponsored club or organization is limited to TWO fundraisers per year. Club and organization fundraisers shall be conducted with the intent of generating a minimum profit percentage of 50%.

What kind of fundraisers are prohibited?

(Reference Board Policies: FJ-LEGAL, FJ-REGULATIONS, GE-LOCAL)

- Charitable Raffles: The district is not a qualified nonprofit organization and shall not sponsor or conduct raffles. (Policy FJ-LEGAL)
- Curriculum-Based: A fundraiser shall not be held to underwrite the cost of supplies or materials for a curriculum function. Fundraising activities shall not interfere with the instructional time or programs. (Policy FJ-LOCAL)
- Charitable Institutions/Community Drives: Students may participate on a voluntary basis only and shall not disrupt the regular school day. (Policy FJ-LOCAL)
- Outside Organizations: Outside organizations may not solicit contributions of any type from students within the schools.

Can a fundraiser be held to donate to a charitable organization?

Campus

A campus may NOT donate to a charitable organization using campus activity funds unless the fundraiser was conducted specifically for the charitable organization. The number of charities to be supported is limited to TWO per campus per year.

Student Organizations

A student initiated fundraiser may be approved by the student group or organization as a community service project. The charitable organization shall be a 501(c)(3) nonprofit organization. The number of charities to be supported is limited to TWO per campus per year.

What are the first steps in having a fundraiser?

All fundraising projects must be PRE-APPROVED by the principal and district administration. The Fundraiser Activity Approval Form is to be submitted and approved at least one week PRIOR to beginning any fundraising activities.

What other fundraising guidelines must be followed?

Once the fundraiser has been approved and a vendor has been selected, a requisition or check request form is to be submitted for any items that need to be ordered.

- Supplies and materials may not be ordered without an approved purchase order or check request form.
- Once supplies and materials are received, an inventory must be taken (how many items were ordered, received, sold, returned, and lost or damaged). Ensure you know the per unit selling price.
- Maintain complete and accurate records of all funds received. Please complete the Deposit Reconciliation Sheet and return to the business office.
- All funds must be counted and verified by two people.
- All checks are made payable to Coahoma Independent School District.
- Deposits shall be made as often as possible with no significant time lag between receipt of the money and the time it is turned in for deposit. No later than one to two days.
- The Fundraiser Reconciliation Form shall be completed on all fundraisers and submitted within 6 weeks of the fundraiser completion date.

What is required once my fundraiser is complete?

The sponsor shall submit the Fundraiser Reconciliation Form within 6 weeks of completing the fundraiser.