



# Support Organizations and Fundraising Guide

Updated October 15, 2019

## **FOREWARD**

Support organizations, such as booster clubs and parent teacher associations, play an important role in support of the District's schools. Without them, the District's schools would not be able to provide many of the opportunities that students enjoy through the programs supported by these organizations.

Because of the important role support organizations play in the lives of schools and the children who attend them, this guide for support organizations has been written with the assistance of parents, students and staff members who volunteered their time and talents to help compile the information contained within its covers. Their work exemplifies the cooperative support schools need from parents to mold strong educational institutions for all the children who attend them.

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## GLOSSARY OF TERMS

501(c)(3)	A tax-exempt, nonprofit organization of the United States of America. To be tax-exempt for income tax purposes under section 501(c)(3) of the Internal Revenue Code.
Articles of Organization	A document required to be filed with an appropriate state or local government agency in order to establish legal recognition.
Board Policies	Governing guidelines adopted by the Lexington County School District One Board of Trustees that guide actions and decision-making under a given set of circumstances that ensures consistency and compliance with the law.
Bylaws	The rules and regulations enacted by a support organization to provide a framework for its operation and management.
Employer Identification Number (E.I.N.)	Also known as a Federal Tax Identification Number. It is a nine-digit number (XX-XXXXXXX) issued by the Internal Revenue Service to identify an entity. It can be obtained either by filing a Form SS-4 or by applying online at <a href="https://www.irs.gov">https://www.irs.gov</a> .
Form 990	Internal Revenue Service form 990 – Return of Organization Exempt From Income Tax. This form is required to be submitted by certain charitable organizations including those exempt under 501(c)(3) if they have gross receipts of \$200,000 or more or total assets of \$500,000 or more along with some other requirements.
Form 990-EZ	Internal Revenue Service form 990-EZ -- Short Form Return of Organization Exempt from Income Tax. This can be used if the annual gross receipts are less than \$200,000 and total assets at the end of its tax year are less than \$500,000,
Form 990-N	Internal Revenue Service form 990-N (e-Postcard). An organization may file a 990-N if their gross receipts are normally \$50,000 or less. Some types of organizations are not allowed to file a 990-N but most school support organizations do not fall into this category.
Form 1023	Internal Revenue Service form 1023 – Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. This is the application to become a nonprofit organization recognized as such by the Internal Revenue Service.
Form 1023-EZ	Internal Revenue Service form 1023-EZ – Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. This is a streamlined version of form 1023 that many support organizations may be applicable to use. The Form 1023-EZ Eligibility Worksheet must be completed to determine if an organization is eligible to use form 1023-EZ.
Form SS-4	Internal Revenue Service form SS-4 – “Application for Employer Identification Number.” An application used by organizations applying to the Internal Revenue Service for an Employer Identification Number.
Quid Pro Quo	(From the Latin meaning “this for that”). Indicates a more-or-less equal exchange or substitution of goods or services.

Surety Bond	An insurance policy by which the insurance company agrees to make good the default or debt of another. Example – If a bonded person illegally uses entrusted funds, the insurance company will reimburse the harmed organization up to the amount of the bond.
Support Organization	A group of parents, community members, and/or staff that offers both the operational advantages of a private foundation and the tax advantages of the public charities they support. For school district purposes that includes but is not limited to booster clubs and parent teacher organization.

## SETTING UP THE SCHOOL SUPPORT ORGANIZATION

Before a school support organization is organized, much thought must be given to the purpose and need. Solid planning up-front will ensure a strong organization that will benefit the school and its students for many years to come. Contrarily, a poorly planned or unorganized organization likely will not function and perform well serving little value for the school and its students, and while unintentional, could impede the educational programs of the school.

This Support Organization Guide has been developed to inform you of best practices as well as district policies and expectations regarding support organizations. The Support Organization Guide can be found on the district website at:

[http://www.lexington1.net/i-am/a-parent-guardian/Support\\_Organization\\_Guide.pdf](http://www.lexington1.net/i-am/a-parent-guardian/Support_Organization_Guide.pdf)

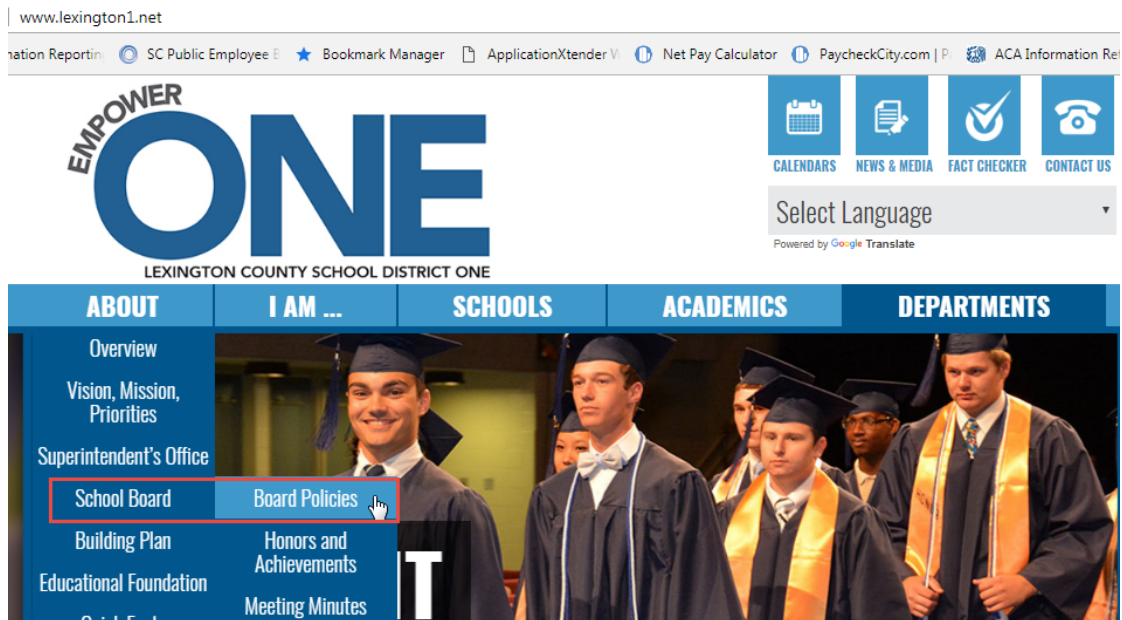
### The District's Policies Regarding Student Fund Raising Activities and Support Organizations

The board policies regarding student fundraising and support organizations are:

JJE and JJE-R	Student Fundraising Activities
LEC and LEC-R	Support Organizations

All Lexington School District One board policies can be accessed on the district's website by going to [www.lexington1.net/about/school-board](http://www.lexington1.net/about/school-board) and clicking on Board Polices on the left of the page as shown below. You may also get to the policies from the link below:

<https://boardpolicyonline.com/?b=lex>



## **Preparing Bylaws**

Support organizations such as booster clubs and parent teacher organizations may organize as provided by policy LEC and LEC-R. In order for a support organization, such as a parent teacher organization or booster club, to function efficiently and effectively, the organization must be governed by rules known as bylaws. A good set of bylaws allows the organization to focus and work, without governance concerns, on projects and other activities that will benefit students.

Bylaws are not required by law, but are not precluded, for student groups who meet under the general supervision of a school employee. However, the district does require bylaws of support organizations. In every case that student groups are supervised by a district employee(s), they will be governed by the policies and procedures of the school district and subject to the general supervision of the school principal. A current copy of the bylaws of all district school support organizations should be filed with the principal of the school and re-filed with the principal each time the bylaws are amended.

## **HOW TO FORM A NONPROFIT ORGANIZATION/CORPORATION**

There are a number of steps to forming a nonprofit organization in South Carolina and to be in compliance with state and IRS laws, rules and regulations. Once a decision has been made to form as a nonprofit, the first steps should be:

- Name your organization. Check to make sure the name has not been used by another South Carolina organization. You can check the name against the Secretary of State's database on their website at <https://businessfilings.sc.gov/BusinessFiling/Entity/Search>
- Determine your initial board of directors how many members will be on your board. Initially the nonprofit must have at least three directors.

## **Incorporation as a Nonprofit**

One of the first things the organization must do is to register as a South Carolina corporation through the South Carolina Secretary of State. A nonprofit organization is almost always an entity that has been organized under the South Carolina Code of Laws Title 33, Chapter 31, South Carolina Nonprofit Corporation Act. Many support organizations are also required to register and report as a public charity under this Act.

The most recent information and forms for nonprofits to comply with state law and regulations related to charitable organizations can be found on the South Carolina Secretary of State's website. This website also provides the latest forms and provides a link for your organization to submit reports and forms electronically. The links to this information are:

[https://www.scsos.com/Public\\_Charities/Public\\_Charities\\_Info](https://www.scsos.com/Public_Charities/Public_Charities_Info)  
[https://www.scsos.com/Public\\_Charities](https://www.scsos.com/Public_Charities)

Part of the requirements to register as a public charity in South Carolina is the submission of a copy of the organization's bylaws. If your organization intends to seek the 501(c)(3) designation or one of the other

appropriate 501 designations from the Internal Revenue Service (IRS), you will be required to submit organizing documents that may or may not include the organizations bylaws.

If you fail to register or file required annual reports, your organization can be assessed administrative fees of up to \$2,000 per violation.

## **Why and How to Obtain the 501(C)(3) Designation**

The 501(c)(3) designation is used by the Internal Revenue Service (IRS) to identify organizations that are organized for exempt purposes that are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and the prevention of cruelty to children or animals. Charitable organizations with the 501(c)(3) designation are exempt from paying income tax as a nonprofit organization and qualify to receive donations that can be claimed as a tax deduction on the donor's federal and state income tax return. Support organizations should proceed to file for a 501(c)(3) designation or one of the other appropriate 501 designations through the IRS. The IRS website has information concerning the requirements as well as links to the necessary forms at <https://www.irs.gov/charities-non-profits>.

The organization must file Form SS4 (available from the IRS) to receive an Employer Identification Number (EIN) for the newly incorporated nonprofit organization. This is required even if your organization will not have employees. More information and the form can be found at <https://www.irs.gov/charities-non-profits/employer-identification-number>. This number will be necessary to open a bank account for the organization. All receipts and disbursements should be handled through this account to keep all funds separate from individual or personal accounts. The organization is not allowed to use the district's EIN and we strongly discourage the use of an individual's social security number as this could cause tax or other problems for that individual.

For organizations that desire to file with the IRS for the 501(c)(3) exemption, the standard form provided by the state may not include all the provisions that the IRS is looking for in the Articles. As a result, many organizations not familiar with the 501(c)(3) process make a mistake. Other provisions, having to do with certain limitations and restrictions on activities, must be in the Articles as filed with the Secretary of State for the IRS to approve the application. If the original Articles did not include these provisions, they must be amended or restated and re-filed with the Secretary of State before being submitted with Form 1023 to the IRS. This re-filing delays the process and costs additional money. Therefore, the organization is best served to write its bylaws and articles of incorporation to be compatible with the 501(c)(3) designation. IRS Publication 577-Tax Exempt Status for your organization provides useful information along with a Sample Articles of Incorporation.

To be organized exclusively for charitable purposes, the organization must be a corporation, community chest fund, or foundation. The articles of organization must limit the organization's purpose to one or more of the exempt purposes set forth in 501(c)(3) and must not empower the organization in activities that are not in furtherance of one or more of those charitable purposes. These purposes will be met if the purposes stated in the articles of organization are limited to reference only the purposes included in the 501(c)(3). In addition, assets of the organization must be permanently dedicated to an exempt purpose.



This means that if the organization dissolves, its assets must be distributed for an exempt purpose, or must be given to the federal government or to a state or local government for a public purpose.

The process of acquiring the IRS 501(c)(3) tax-exempt status is significantly more complicated than the process necessary to become incorporated as a nonprofit organization with the state, but the dividends are greater. All donations are tax deductible to the extent allowable.

Because the process of filing to qualify as a 501(c)(3) organization is a rather technical process, the organization should seek the services of an attorney or accountant who is familiar with the process. Often organizations will have members who can fulfill this role. If no one is available within the organization, the Lexington School District One Fiscal Services Office will be available to assist. To streamline the process and make it as efficient as possible, the decision to seek the 501(c)(3) designation should be made before the organization incorporates and while the bylaws are being written. To do so will allow the two processes to be coordinated so that all requirements are met on the initial applications. By coordinating the processes, bylaws will not have to be amended and incorporation documents re-filed.

Annually, a Series 990 form must be filed with the Internal Revenue Service and an Annual Financial Report for Charitable Organizations must be filed with the SC Secretary of State.

## **SUPPORT ORGANIZATIONS: AN EXTENSION OF THE SCHOOL**

School support organizations are organized for the purpose of supporting schools or specific programs within a school. In this capacity, the organization becomes an extension or representative of the school. This relationship with the school must never be forgotten. The mission, vision, and goals of the support organization must mesh with those of the school. For this reason, the support organization's officers and board must work closely with the school principal to establish an atmosphere of cooperation and confidence to ensure that the programs operate smoothly within the school's and district's policies.

As support organizations are extensions of the schools they support, the district is requiring all officers of support organizations and any of their volunteers handling money for a support organization to have background checks. If the support organization pays any individuals as vendors to work alone with students, the individual/vendor must have a background check completed before working with students. The background check process will be initiated at the supported school and the Lexington One Human Resources department will run the background checks. These background checks are required to protect the students and the assets of the support organizations.

## FUNDS MANAGEMENT

A major initiative of most school support organizations is fundraising for school programs the organization represents. Officers elected to lead support organizations are expected to be insightful into many of the pitfalls associated with the management of the funds raised and, as a result, are expected not to make mistakes that can ultimately cost valuable dollars towards the organization's projects. It is recommended that the organization seek the professional services of an attorney or certified public accountant (CPA). With these expectations in mind, the following guidelines will serve to ensure funds are handled properly

For booster clubs, a school administrator and the director from the school working with that club (or the principal's designee if he is not available) must be present at ALL booster club meetings. All meetings are to be held on school property.

For PTA/PTOs, a school administrator must be present at ALL meetings. All meetings are to be held on school property.

All support organizations will comply with all sales and accommodations taxes.

The school and the support organization must have a clear understanding of which funds can be collected and deposited into support organizations accounts and which funds must be deposited into school pupil activity accounts and the accounts for which they were collected. Transfers between school pupil activity accounts are allowed. However, payments from school pupil activity accounts to support organizations are NOT allowed. All funds raised using school property or facilities must be deposited into school pupil activity accounts such as advertisement sales placed or erected on school property, all funds for the rental of school property, funds collected for district or state association "shared events," and all fees collected directly for the benefit of students. The athletic directors, band directors or other district employees with authority over specified accounts are responsible for informing the principal of all funds being deposited into athletic pupil activity accounts. The principal is ultimately responsible for all money deposited into any pupil activity account.

The organization should communicate with the bank they are using and instruct the bank to look for any other accounts using the federal ID# of the organization. This is to detect unauthorized accounts.

**No district employee is allowed to be a "signor" on any support organization account. No district employee is to be given a debit or credit card issued on any support organization account.**

Bank reconciliations are to be done in a timely manner, preferably monthly. Bank reconciliations are to be completed by someone other than the person signing/approving the checks and are to be retained for six years.

Pre-numbered receipts are to be used and accounted for where possible.

For all events, at least two people should count the money and a deposit slip must be made out immediately after the event and deposited or dropped into the overnight deposit box. A deposit/cash sheet must be filled out with at least two signatures on the sheet.

If the event involves canteen or other sales, an accounting of changes in inventory and cash should be done. This includes cash on hand for change, any cash removed to purchase additional inventory and ending cash balances. If anyone removes cash from the drawer for any reason, there should be a signed document showing the amount of cash removed, and a receipt for additional purchases made for the canteen and any amount returned. This should be witnessed by another party at the time the cash is removed and when returned. The change in cash from the sales should be reviewed to ensure that it is at least reasonable given the change in inventory.

All payments must be approved by the president with a check number listed on the invoice where applicable. In the absence of an invoice, a store receipt should be provided. Invoices should be filed alphabetically and retained for six years.

### **Bonding of Key Officers**

In most support organizations the president and treasurer have primary responsibility for financial matters. Most often the treasurer and president will have signature authority against the organization's checking account(s).

As parents with children in school together, we tend to place more trust in each other than we should. These feelings of closeness and common interest should not cause the organization to neglect protecting those in the organization who are responsible for the money.

To bond those responsible for the organization's money is simply a matter of purchasing a surety bond insurance policy to cover them and the organization in the event something happens to the organization's money. An insurance agency can give advice on the amount of coverage needed and who should be covered.

### **The Treasurer's Report**

The treasurer is the authorized officer responsible for the organization's funds. Disbursements and receipts of all funds should be handled according to the organization's bylaws or as authorized by action of the organization. The treasurer should reconcile the organization's bank account(s) on a regular basis, preferably monthly. The treasurer should not be an authorized signor on the organization's bank accounts.

The bylaws should require the treasurer to make a financial statement regularly to the organization. The financial statement should be submitted to the Finance Committee not later than December 31 and report to the membership and the school's principal.

### **Receipts and Receipting**

The organization should provide the treasurer with pre-numbered receipts for financial record keeping. The pre-numbered receipts ensure that all receipts are accounted for and that all deposits can be

documented with a receipt. No amount of money is too small to be exempted from a receipt, since to do so would cause the file of receipts to be out of balance with the money deposited.

Occasionally, other members may be called upon to handle money such as dues from membership drives or returns from fundraising. These members should be encouraged to use receipts for their collections also. However, the treasurer's pre-numbered receipts should be reserved only for the treasurer's use.

Money collected and receipted should always be turned over to the treasurer as soon as possible and deposited into the organization's bank account. As a matter of practice, money should never be kept overnight at the school or in the homes of members. Instead, the organization should use the bank's overnight deposit box.

### **Payment of Invoices and Bills**

Just as receipts are the documentation for all funds received into the organization's account, bills, vendor receipts or invoices are the documentation for the disbursement of funds. With this idea in mind, it is recommended that to the extent possible funds expended should be by check and have a bill or invoice filed as documentation for the check written. The bill or invoice should be marked with the date it was paid, the check number, and a signature of approval for the payment to be made. Under no circumstance should a check ever be written without an invoice or bill to substantiate the payment. If a debit or credit card is used, the Treasurer or individual reconciling the statements should insure that documentation supporting the disbursement has been provided to the organization.

For a payment that needs to be made when an invoice is not available, a form should be created that documents the payee, the reason for the payment, and the amount of the payment. This document, **Record of Payment — Invoice Not Available**, should be filed along with the other invoices and bills to support the payment.

### **Payments to Individuals**

Support organizations must be very careful not to violate state and federal tax regulations when payments to individuals are involved. Reimbursements for purchases individuals have made for the organization are acceptable and should be documented by filing the receipts as invoices for the reimbursement. Individual travel can be treated similarly.

However, payments for services rendered or for work completed for the organization must be treated differently. This is especially true if the person who is to receive the pay is employed by the school district. **Support organizations should never make a payment directly to a district employee for services rendered or for work completed for the organization.** District employees who work with a school support organization are considered by IRS regulations to be working for the district and, therefore, the district must pay them. The support organization can provide the funds to the school to pay the district employee. The payments should include the hourly rate plus employer's share of FICA and Medicare (7.65%) and the employer's portion of retirement (20.61%) for employees participating in the retirement system. Full-time permanent employees (except some bus drivers) and many part-time employees participate in the retirement system.

If the employee performing the work is a support staff employee (non-exempt) and the time worked for the support organization puts the hours worked for the week over forty hours, the reimbursement from the support organization will have to be at one and a half the hourly rate for the work performed. The hourly rate does not have to be the same as the rate for the employee's regular job with the district. However, the hourly rate must be communicated to the employee before the work is performed.

If the individual providing the services or performing the work is not a district employee, the support organization must comply with federal and state laws and regulations to determine if the individual is rightfully classified as a contractor or an employee of the support organization. If deemed to be an employee of the support organization, federal and state wage and hours laws and regulations must be followed along with all required employee withholdings, employer contributions and reporting requirement.

## **FUNDRAISING**

School support organizations typically include fundraising as an integral part of their program of activities. Yet in fundraising activities as well as in other activities, clear distinctions must be made to separate the responsibilities of the support organization from the responsibilities of the school. School support organizations are very closely tied to the school district and the school, but they operate independently from the school and district, subject only to the district's policies that provide for their formation and their relationship with the school and district. This same relationship gives guidance to fundraising activities conducted by support organizations.

### **Fundraising Guidelines**

Every activity of a school support organization has a direct impact upon and is identified with the school it supports. The school principal, by the very nature of his job, has general responsibility for all activities of the school, including those of the school's support organizations. Therefore, final approval of all activities of the school's support organizations rest with the school principal.

No fundraising should be conducted without a purpose and use for the funds raised, and the project must have broad acceptance by the organization's membership to be successful.

Selection of the Fundraising Activity: Once an organization agrees upon the purpose and need for a fundraising activity, the next most important step is to choose an activity that will generate the revenue needed as efficiently and effectively as possible. **With experience the organization can build upon those events that work best.** The fundraising activity may or may not involve the sale of a product. Some of the best fundraisers for organizations can be events that are repeated annually, such as golf tournaments, fairs, carnivals and silent auctions.

Promotion of the Fundraising Activity: In order to have a successful fundraising activity, the project must be promoted to gain the approval and involvement of the community.

- People want to contribute to fundraising projects that support a legitimate purpose. The community should know about the project and the purpose for which the funds will be used. Once raised, the funds should be used for the intended purpose.
- If parents and students are going into the community to raise funds, make sure that the people they call upon know them. A letter of introduction, an I.D., or a shirt representing the organization will be helpful.
- Advertise the fundraiser in the local newspaper, through social media and Peachjar to note when the event/sale will be held and how it will be conducted.

If the decision is to sell an item or items, the selection should be made only with the full support of the membership. After all, they will be doing the selling.

- **The purpose for fundraising is not to make money for some salesperson or company. The purpose is to make money for the organization.**
- There are many fundraising activities offered by salespeople that generate little revenue for the organization and lots of revenue for the salesperson and the company. **Best advice is to stay away from such offers.**
- A good rule is to not consider any fundraiser product that does not generate at least a fifty-percent per item profit for the organization.
- The products selected for sale and the salesperson that will work with the organization are keys to a successful fundraiser. Choose them carefully and make sure all points regarding delivery, freight charges, return policies, the company's reputation, etc., are covered.
- If the fundraiser selected requires that a contract be signed, make sure the contract is signed with the incorporated organization's name and by one or more of the officers after being selected by a vote of the organization.
- Develop a plan for how the product and money is to be handled. Fundraisers where the money is collected first, orders are taken, and the products are delivered later, tend to work best. Bad checks and lost products are less of a problem.
- Be sure to let the purchasers of the product being sold know the actual value of the product and the contribution being made to the support organization, if any. As a non-profit support organization that is 501(c)(3) qualified, the person making the purchase can then deduct the contribution value from income tax at the end of the calendar year. Contributions of this nature are considered to be Quid Pro Quo contributions. Quid Pro Quo contributions in excess of \$75 are deductible only to the extent that the contributions exceed the value of goods or services provided by the organization.

### **Door-to-Door Sales**

For purposes of this guide, door-to-door sales can be characterized as exactly what the term implies, a person going from one door to another in a community to sell a product. Calling on businesses for publication ads, for example, would not be considered door-to-door sales.

Many fundraising programs are designed around one major door-to-door sales program each year. Generally it is not a good policy to conduct more than one door-to-door sales program per year.

Care must be taken when administering door-to-door sales programs. As a matter of policy, support organizations would do well to limit door-to-door sales to the adult membership only. **The use of elementary school students, grades K through 6, to sell fundraising items is not permitted by District policy. In fact Lexington School District One does not condone door-to-door sales by any student.**

If a door-to-door sales program is to be utilized, the best program is probably one in which orders are taken, the money collected, and then the product delivered. This procedure will limit the loss of products for non-payment, bad checks, products signed out to members who never sell them, and also reduce the risk of over ordering. Regrettably, bad checks and failure to pay for products signed out are significant problems with fundraising.

### **Solicitations**

Solicitations are used most often to seek support funds from businesses and/or individuals in the community. Examples of such solicitations are ads for booster programs, discounts for products sold by businesses, and cash donations. **In fact, many parents and/or businesses may prefer to make cash donations, and organizations should have a plan in place to accommodate such wishes.**

Cash donations eliminate the need to purchase items that may not be wanted and also ensure that all of the donations go to the organization. However, procedures must be in place to ensure that all money donated ultimately gets to the support organization. Trust of the membership is not sufficient. For this reason, cash should never be accepted unless it can be receipted at the same time it is donated. Otherwise the rule of thumb should be to only accept a check made payable to the support organization.

Solicitations of cash donations may be incorporated into an alternative means for members of the organization to “opt out” of fundraising activities by simply making a predetermined donation. Many parents have very busy schedules and want to be active in support organizations. Cash donations allow for participation without requiring the additional time necessary to solicit contributions or sell items in a fundraiser.

### **Multiple Solicitations on Businesses**

A major problem for businesses is multiple solicitations. Lexington School District One now has thirty schools that may seek donations from businesses. In addition to the schools, there are many other nonprofit groups that seek donations. If revenue were no problem, businesses would prefer to respond to all solicitations from all school support organizations, but most simply cannot afford the cost. Businesses are most likely to donate to the organizations whose memberships are most likely to do business with them.

Some businesses may identify with the school attendance area in which they are located or with a particular school activity. These businesses may prefer to make general donations to schools rather than donations to specific support organizations.

## Multiple Fundraisers

School support organizations should expect to always compete with other support organizations with their fundraising activities. Just the sheer number of schools and organizations ensures keen competition. Because of this competition, support organizations do best when their fundraising activities are developed around one or two major fundraisers that are repeated year after year.

The fundraiser may be an activity, program, event, or an annual sale. Repeating the fundraiser annually makes the fundraiser an annual event for which the community plans. The other benefit is that other organizations are not likely to choose the same fundraiser as a project.

**The best fundraisers are those that provide a wanted service, needed product, or entertainment. Examples of such fundraisers are car washes, fruit sales, and prepared meals with entertainment provided.** Parents often would prefer not to spend hard-earned money on products that are overpriced and of little useful value.

## Required Student Participation

A growing trend among support organizations is to require students to sell a predetermined dollar value in order to generate their financial part of the planned activities for the year. Such requirements must be limited to extracurricular activities and provisions must be made for those students who for valid reasons cannot participate. **At no time may students be required to participate in fundraising activities in order to enroll in, be graded on, or pass a course.** All courses offered in the District's schools must be available to all students at no cost, except for school board approved fees; and these fees must be waived for students who cannot afford to pay.



## YEARLY ORGANIZATIONAL CONSIDERATIONS

Once a support organization is incorporated and has attained tax-exempt status, care must be taken to ensure that the organization continues to operate within state and federal regulations. The checklist below provides a review of the various activities that should be completed each year.

### Governance

- Prepare new board members for their critical work as voluntary leaders of a newly developing organization
- Develop a comprehensive plan for the organization and its major functions
- Thoroughly check the experience and credentials of professionals who are paid to provide services to the organization
- Establish limitations on terms of offices of people serving on the board – and plan for succession of board members
- Review bylaws to ensure their compliance with the organization’s mission, tax and corporation laws and coverage of directors’ and officers’ expectations and duties
- Ensure that the number of board members established by the bylaws is actually serving
- Establish standards for board membership including attendance at board meetings, committee service, personal financial support of the organization, conflict of interest disclosure and other important standards of board performance
- Enact and execute a policy to remove board members who are not contributing to the work of the organization
- Establish a policy that specifies materials that must be distributed to board members prior to the board meeting; i.e., minutes of the last meeting, current financial statements, current reports of committees, summaries of decisions the board will be asked to make, copies of resolutions proposed for adoption, etc.
- Establish board committees appropriate to the needs of the organization
- Establish the limits of authority of board committees and their reporting requirements; i.e., reports to the full board, reports to the full board in executive session
- Plan to purchase surety bond insurance for directors and officers and to have it annually reviewed by legal counsel with regard to: events it covers, events it does not cover, deductibles, co-insurance requirements/limitations, gaps that can be plugged by other types of coverage
- Resist the tendency to rely on “how we did it in xyz organization” for years to guide decisions about your new organization
- Ensure that elections are held routinely so that no board members term exceeds the five (5) consecutive year limit set by the state law
- Ensure all board members have had a recent background check by the district’s Human Resources department.

## **Volunteer Service**

- Assess organizational risks
- Establish the status of volunteers with regard to indemnification
- Provide “job descriptions” for volunteers
- Ensure management oversight of all volunteer activities
- Establish a volunteer appreciation program
- Ensure that all volunteers working with money and/or students alone has had a district background check

## **Fundraising**

- Develop a comprehensive fundraising program
- Thoroughly research funding prospects
- Understand that the organization cannot be sustained over the long term solely on “grants”
- Develop a clear and concise case for support
- Establish the all-important “relationships” that are the backbone of fundraising
- Prepare fundraising materials that are consistent with the highest quality of information and proposals
- Ensure that the organization’s exempt status is not jeopardized by lobbying activities, political activities, and disreputable fundraising activities

## **Management**

- Specify the constituency and/or geographic region the organization targets for its services/programs
- Ensure that finances of the organization are handled in accordance with standard accounting principles for nonprofit organizations
- Regularly report on the organization’s activities to key stakeholders
- Consistently develop and employ an evaluation system for all aspects of the organization
- Maintain accurate records of the affairs of the organization including legal instruments, minutes of meetings, board roster, etc.
- File all required state and federal reports.

## **Reports**

- Registration Statement For A Charitable Organization – must be filed yearly with the SC Secretary of State
- Annual Financial Report For Charitable Organizations (SC Secretary of State)
- Series 990 Form – Return of Organization Exempt From Income Tax. Usually a 990-EZ or 990-N (Internal Revenue Service).