



**CATALINA
FOOTHILLS
SCHOOL
DISTRICT #16**

2017-2018

CATALINA FOOTHILLS UNIFIED SCHOOL DISTRICT
FAMILY FACULTY ORGANIZATION AND BOOSTER
CLUB POLICY AND PROCEDURE GUIDELINES

**POLICY AND
PROCEDURE
GUIDELINES**

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I. Introduction

A school's Family-Faculty Organization (FFO) and booster clubs are organized to help promote, support, and improve educational programs, including extracurricular activities, of the schools in the Catalina Foothills Unified School District #16 (CFSD). School principals are ultimately responsible for approving and monitoring the FFO and booster club activities of their school. Principals work closely with the leadership of FFOs and booster clubs to guarantee that their activities support CFSD's educational mission and are conducted in a fiscally responsible manner. Since the FFO and booster clubs represent the school and, in many cases, are their own legal entities – 501 (c)(3) organizations – it is necessary to follow the guidelines set forth in this procedure manual.

Although FFOs and booster clubs are affiliated with the school in the sense that they carry the name of the school and their activities must be approved by the CFSD Governing Board, they are nonetheless responsible for their own compliance with applicable federal and state regulations.

II. Organizational Bylaws

An organization affiliated with a school must develop a constitution and/or bylaws. It will clearly identify the organization as a FFO or booster club separate from school-sponsored student organizations. Those documents must be approved each year by the CFSD Governing Board, in writing, and be filed in the director of finance's office. The governing board must authorize the use of the school's name each year prior to approving any of the group's activities. The FFO/club's bylaws must contain the following.

See TAB 25 for a recommended sample *FFO and Booster Club Organizational Bylaws*.

1. The name of the organization.
2. The objective of the organization including the statement, "*This organization will abide by all school board and administrative policies and procedures.*"
3. Eligibility for membership and membership enrollment procedures.
4. Officer selection, election procedures, and duties of each officer.
5. The principal or designee who will serve as an ex-officio officer of the organization.
6. The financial name of the bank where the group's account is located and the names of those authorized to sign checks.
7. Any disbursements must require the signature of two persons designated by the membership.
8. Intended use of funds generated by the organization.
9. In the event that the organization dissolves or is dissolved by the principal, language indicating how the group will handle remaining funds.

10. Specific information regarding the time and place of regular meetings and conditions that would constitute calling for a special meeting.

11. Definition of a quorum and votes needed to pass an item.

Business will be conducted in open meetings with adequate notification of all meetings to all members, and a summary of proceedings will be kept. A copy of the summary of proceedings must be on file in the principal's office.

If the principal deems it necessary, s/he may recommend to the superintendent that the organization be dismantled. The superintendent will review the record, discuss the information with the principal and FFO/booster club, and make a recommendation to the CFSD Governing Board.

The Superintendent reserves the right to revoke the sanctioning of any organization if it is found that the FFO/booster club operations and/or purpose are not consistent with CFSD's educational mission and/or the policies adopted by the CFSD Governing Board.

III. Finances

The principal and the CFSD Director of Finance are the liaisons between the district and the organizations regarding financial reporting. The FFO/booster clubs must discuss with the principal the method by which the FFO/clubs will raise and handle funds. The FFO/booster clubs must open their own bank accounts and obtain tax-exempt I.D numbers. The FFO/booster clubs may not use the school's tax I.D. number or the purchasing power of the school. Invoices must be clearly labeled FFO or booster club. CFSD student activity funds may not be used to pay the debt incurred by an FFO or booster club.

All activities, including fundraising initiated by the FFO/booster clubs, must be authorized by the school principal or the governing board before any financial commitments are made. If the fundraising activity's gross receipts are expected to equal less than \$50.00 per student member per year, up to a maximum of \$2,000.00 per organization/club per year, only the school principal's approval is necessary.

The fund raising form (see TAB 18) **must** include the **specific purpose** for the fund raising (e.g., field trip transportation, computers for classrooms, playground equipment, etc.). Any submissions without a very specific purpose will be returned.

Income shall be primarily derived from the collection of dues, donations, or from ways and means projects. Any changes in dues or fees recommended by the executive board must be approved by a majority vote of the regular membership. FFO/booster clubs must list the district's postal address on all bank accounts (2101 East River Road, Tucson, AZ 85718).

Annual financial reports (i.e., Income Statement with the detail on all expenditures and a Balance Sheet) for each FFO and booster club must be submitted to Sandra Thompson, Controller. These financial statements should cover the fiscal year of July 1 through June 30 and should be submitted by August 31st each year. See TAB 28 for an example of the financial reports that are required to be submitted.

The district requires organizations to have a limited review of FFO/booster club internal controls and processes, at a minimum, at least every other year. The review will be initiated by the district.

IV. Parent Support Organizations' Requirements for Operation and Financial Responsibility

1. Obtain approval and support from school administrator.
2. Establish officers of the organization, i.e., usually a president, vice president, secretary, and treasurer. School employees – principal, teacher, coach, etc. – may only play an advisory role. They cannot be officers of the organization or signatories on the checking account. They are not to serve in a leadership capacity that has potential significant influence over the operation of the organization.
3. Develop annual goals and a budget plan for the organization. Plan activities for the year based on those goals.
4. The treasurer produces a monthly financial report after the receipt of each bank statement. A copy of the financial report is sent to the school district to the attention of the Director of Finance. A yearly financial report is prepared for the fiscal year July 1-June 30. A copy of this report, which includes the income statement and balance sheet for the year, is to be forwarded to the Controller of Finance by August 31 each year.
5. The report needs to identify all revenue sources during the month reconciled with the deposits on the bank statement.
6. The report should itemize all expenditures paid during the month, listing by date, check number, to whom it was written, description of expense, and dollar amount.
7. The cash balance on the report should be reconciled to the cash balance on the bank statement.
8. Copies of the report and bank statement need to be available to all members of the organization.
9. Officers should vote approval of the financial report.
10. Two signatures on all checks are required, regardless of the amount of the check.
11. Monthly bank statements should be mailed to the district office address (2101 East River Rd, Tucson, AZ 85718), not to an individual's home. Copies of these bank statements will be forwarded to the school within one day of receipt by the district office.
12. Money collected through fundraisers and other activities should be accounted for, verified by and prepared for bank deposits by two (2) individuals. Pre-numbered receipts should be given for all cash transactions.
13. Minutes of each officer and general membership meeting should be produced, distributed to members and maintained for at least three (3) years.

V. Cash Receipts

The following checks are not accepted: two-party personal checks, altered checks, checks with rubber stamped or typewritten company names, checks payable to two or more persons, insurance drafts, income tax refunds or dividend checks.

1. The district requires all organizations to make all deposits in a timely manner.
2. Deposits should be made daily if total receipts on hand are greater than \$250 and all receipts should be deposited within one week of the date of receipt.
3. Checks must contain a preprinted account holder's name and address. Please add the phone number in the upper left corner of the check if not preprinted on the check.
4. The district recommends that the FFO/booster club use a fundraising inventory form. See the sample provided as TAB 20.
5. If ticket sales were involved, the Sales/Cash Reconciliation Report must include the beginning and ending ticket numbers, calculating the number of tickets issued. See sample provided as TAB 19.
6. Pre-numbered receipts should be issued for all payments received for non-ticketed events. All pre-numbered receipts must be accounted for and correspond with deposits.

VI. Donations of Capital Project

A donation of capital improvements to district grounds and facilities requires prior CFSD Governing Board approval before proceeding. After the organization has worked with the principal and the director of facilities to plan the project, the director of finance works with the donor to review and prepare materials related to the donated improvement to be submitted to the governing board. In addition to helping the donor secure governing board approval, the director of finance will recommend whether the donor should directly procure the necessary services to complete the improvement, or make a cash donation to the school district so it can procure the services necessary to complete the improvement. This recommendation will be made on a case-by-case basis. Regardless of how the services for the improvement are procured, the district will directly manage installation of all donated capital improvements. See sample provided as TAB 22.

VII. Donations of Technology

Computer related purchases, including hardware, software, or any major technology infrastructure upgrades require governing board approval before proceeding. District technology staff shall work with the donor and the site administrator in reviewing and preparing materials related to the donation to be submitted to the governing board.

VIII. Grants

All proposals to external grant organizations are to be approved by the governing board before being submitted to the funding agency. The superintendent shall establish administrative guidelines for the processing of proposal ideas to the governing board for its approval. Grants are defined as a donation to the district that is a school-related expenditure.

1. Grant – A sum or money given by the government or some other organization to fund such things as education or research (Encarta 2007).
2. Restricted Grant – A grant with restrictions which can determine for what purpose the money can be spent, by when it can be used, or whether matching grants are required to make the funds available. (*Thomas A. McLaughlin, Financial Committees, Board Source 2004*).
3. Unrestricted Grant – A grant which may be used for any legal purpose.

The governing board may receive, hold and dispose of any gift, grant or bequest of property or equipment in accordance with state law and the intent of the instrument conferring title. The CFSD Governing Board may also accept gifts, grants or devises of money. The disposition of unused funds from these sources shall be in accordance with law.

IX. Honorariums and Gifts

1. Honorariums and gifts cannot be promised upfront in exchange for volunteering.
2. Honorariums and gifts cannot be given to CFSD employees. Only gifts of modest value are permitted. District auditors have counseled that a cumulative gift of \$25.00 to one staff member over a year's time is an appropriate maximum. A gift up to a maximum of \$75.00 can be given to recognize a retiring staff member.

X. Gifts

The CFSD Governing Board has the authority to accept gifts and donations made to the district or school in the district. The board reserves the right to refuse to accept any gift that does not contribute toward the achievement of the goals of the district and the ownership of which would tend to adversely affect the district.

Any gift accepted by the board shall become the property of the district, may not be returned without the approval of the board and is subject to the same controls and regulations as are other properties of the district. The board shall be responsible for the maintenance of any gift it accepts, unless otherwise stipulated. The following are the district's criteria for acceptance of gifts.

1. The gift occurs in lieu of a purchase already authorized and funded by a bond election.
2. The gift is one that involves no hidden or indirect costs to the district and no other expenditure as a condition of acceptance of the gift.
3. It will have a purpose consistent with those of the school/district.
4. It will be offered by a donor acceptable to the governing board.
5. It will not force the district to add staff.
6. It will not begin a program that the governing board is unwilling to take over when the gift or grant funds are exhausted.

7. It will place no restriction on the school program.
8. It will not imply endorsement of any business or product.
9. It will not be in conflict with any provision of the school code or public law.

The governing board will make every effort to honor the intent of the donor in its use of the gift, but reserves the right to utilize any gift it accepts in the best interest of the educational program of the district.

XI. Student Fund-Raising Activities

Fundraising activities must be approved and agreed to by the site administrator. Students may assist the FFO/booster club in fundraising activities with prior approval of the governing board. Fundraising projects with an outside group or organization in which students directly participate by selling, order taking, or by assuming another role, are considered joint fundraising. The students' participation in these projects must be approved by the governing board through a *Student Fund-Raising Activity Request Form*. See sample form provided as TAB 18. ***Fund raising forms must be submitted at least two Governing Board meetings prior to the fund-raising event. This timing requirement will be strictly enforced.*** See TAB 21 for the Governing Board Meeting schedule for 2015-2016.

Students may NOT sell raffle tickets.

Fundraising that does not directly involve students does not need governing board approval, but does need site approval. The fund raising request form (see TAB 18) ***must*** include the ***specific purpose*** for the fund raising (e.g., field trip transportation, computers for classrooms, playground equipment, etc.). Any submissions without a very specific purpose will be returned.

The students' share of the proceeds, as specified on the form, must be presented to the school administrator to be deposited into a Student Activities Account. Funds raised by the student body as a whole should be deposited into the Student Council account. This is not a gift to the school and does not require governing board acceptance. This is the students' earned share of the proceeds and with the guidance of the student activities' sponsor, students will determine how their share will be spent. Organizations or groups that have been approved for joint fundraising involving students **MAY NOT RETAIN** the students' portion of the fundraising to spend on the behalf of students. The following list is guidelines approved by the district for student fund-raising activities.

1. Individual-sale type events. Students shall be informed in writing that they shall not sell items door to door.
2. Group events, e.g., car wash, bake sale. If students are involved, a staff representative must be present.
3. Fundraising efforts supported by student effort shall be allocated by the percentage of effort the students put into the fund-raising. If students put in 10% effort, then they receive 10% of the proceeds which are deposited into the student activity fund. You are required to identify the student activity percentage at the time the fundraising activity is submitted for approval.

4. The aim of the activity shall benefit youth in educational, civic, social, and ethical development.
5. The activity shall not interrupt the regularly planned instruction during the school day.
6. Each recognized student group may raise \$50 per student member per year up to a maximum of \$2,000 per organization per year with the approval of the principal. Fund-raising beyond this amount must receive prior approval of the governing board.

A portion of the proceeds of all fund-raising activities shall be deposited in the Student Activity Fund, and funds from such activities shall be used only as specified in the Uniform System of Financial Records.

XII. Student Field Trips

Schools may not charge students to participate in curricular field trips. If the FFO/clubs elect to assume the responsibility for arranging field trips at the schools, the guidelines, policies and laws referenced herein must be followed. See TABs 12 and 13. ***Field Trip Requests must be submitted at least two Governing Board meetings prior to the field trip event. This timing requirement will be strictly enforced.*** See TAB 21 for the Governing Board Meeting schedule for 2015-2016.

Field trips that occur during the school day must be primarily for educational purposes. Trips are financed through donations only. Extracurricular field trips that do not occur during the school day may be approved at the discretion of the governing board.

§ 15-342, subsection 24. For common and high school pupils, assess reasonable fees for optional extracurricular activities and programs conducted when the common or high school is not in session, except that no fees shall be charged for pupils' access to or use of computers or related materials. For high school pupils, the Governing Board may assess reasonable fees for fine arts and vocational education courses and for optional services, equipment and materials offered to pupils beyond those required to successfully complete the basic requirements of any other course, except that no fees shall be charged for pupils' access to or use of computers or related materials. Fees assessed pursuant to this paragraph shall be adopted at a public meeting after notice has been given to all parents of pupils enrolled at schools in the district and shall not exceed the actual costs of the activities, programs, services, equipment or materials. The Governing Board shall authorize principals to waive the assessment of all or part of a fee assessed pursuant to this paragraph if it creates an economic hardship for a pupil. For the purposes of this paragraph, "extracurricular activity" means any optional, noncredit, educational or recreational activity that supplements the education program of the school, whether offered before, during or after regular school hours.

All field trips shall be appropriate to the age and grade level of the students involved and shall directly relate to the district's curricular and extracurricular programs. Regardless of the time of day, day of the week, or month of the year when a trip is proposed to be taken, if a majority of participants are district students, each sponsor is a district employee, and the purpose of the trip is directly tied to a district program, the trip must meet all of the approval requirements set forth in this policy.

XIII. Approval For Field Trips

To obtain approval, the sponsor of a proposed field trip shall demonstrate that there is adequate provision for student supervision and safety; there are no undue liability risks and the educational benefits of the trip exceed the total cost, including investment of staff, student time before and during the event and any monetary costs associated with the activity. Every field trip must be approved in advance. Trips of fewer than twenty-five (25) driving miles from the school site may be approved by the building principal. All other trips of more than twenty-five (25) miles from the school site must be approved by the governing board (CFSD policy IJOA). See TAB 12.

1. Contracts for any field trip must be sent to the director of finance for review and signature. FFO and Booster Club officers are not authorized to sign contracts.
2. Fees may be charged for field trips only in compliance with A.R.S. § 15-342 for extracurricular activities - those events that are optional, noncredit, educational or recreational, and supplement the education program of the school, whether offered before, during or after regular school hours. Whenever appropriate, a fee reduction or waiver shall be provided in cases of need or economic hardship. Any opportunity for a fee reduction or waiver shall be printed in informational or promotional materials sent to students' parents.
3. Transportation in most cases, transportation for field trips shall be by school bus, or licensed common carrier such as public or chartered bus, train, or airplane. The building principal (in cases where the trip is twenty-five (25) or fewer miles from the school site) or the Governing Board may permit staff members to provide the transportation in school-owned vehicles.
4. The Governing Board revised the district policy in January of 2010 and they no longer allow the transportation of students by private vehicle driven by non-school personnel.
5. For out-of-state and international trips, the sponsor must provide the Governing Board with appropriate detailed information concerning insurance and health and safety issues; (i.e. detailed itinerary, behavior expectations, notarized medical release, emergency and communication plans, etc.). For international trips, there shall also be proper verification of coverage through the District's insurance provider.
6. Non-School Sponsored Trips, the Governing Board recognizes that employees accompany students from time to time on trips that are not associated with or sponsored by the District. When this occurs, it is important that the employee state very clearly in writing to students and parents that the trip is not associated with the District. The only exception to this notification requirement is when it is inherently obvious to families that the trip is not, in any way, associated with the District (for example, Girl Scouts or Boy Scouts). If in doubt about whether a trip is school sponsored, the sponsor should seek a determination from the Superintendent.
7. When an employee is planning, promoting or meeting with participants or non-school-sponsored trips, the District's facilities, equipment, materials, or other resources may not be used unless the employee has arranged for the rental of such in accordance with the District's policies regarding community use of school facilities. See TAB 23. Work time may not be used to promote the trip to students and/or their parents.

XIV. Raffles

The following guidelines concerning raffles are provided for clarification purposes only. FFO/clubs that wish to conduct a raffle should consult with an attorney to determine if they are eligible to do so.

1. School districts or individual schools may not hold raffles under any circumstances.
2. Organizations that may hold raffles are those that qualify for exemption from income tax under 43-1201 of the Arizona Revised Statutes . See TAB 17.
3. They must have been in existence for at least five years, i.e., the organization must have an approved application for non-profit status and five years of tax returns on file before engaging in operating a raffle.
4. Officers and agents will receive no pecuniary benefit from the raffle, other than being able to participate in the raffle on a basis equal to all other participants.

No member other than a bona fide local member of the sponsoring organization may participate directly or indirectly in the management, sales or operation of the raffle, e.g., for FFO-sponsored raffles, only parents and faculty may participate in the operation of the raffle.

Students are not allowed to be involved in the management, sales or operation of the raffle.

Organizations may not request “donations” for participation as a way to evade the restrictions mentioned above. “Donations” may be requested only if the donor receives the tickets/scrip/chips regardless of the amount of the donation, i.e., they are allowed to participate even if they give a donation of \$0.00.

XV. Facility Use for Events – Our Community Schools handles all facility use for the district. If you want to conduct an activity/event on any campus, call Community School (209-7552) to make arrangements. Note: Community Schools will then also make sure that insurance letters for third party involvement are received and reviewed. See TAB 24 for facility use form and TAB 23 for the district policy on facility usage.

XVI. Sales and Use Tax

District staff members are not experts in the area of sales tax exemptions for parent or other non-profit organizations. Parent organizations should consult with an attorney or certified public accountant on sales tax issues as they apply to their organization. This information is provided for reference purposes only. The District does not keep a copy of these statutes and does not monitor them for change over time.

The Arizona Transaction Privilege Tax (Sales Tax) is levied upon sellers for the privilege of conducting business in the state of Arizona (ARS 42-5008).

The seller may pass the burden of the tax on to the purchaser, but the seller is the party ultimately liable to Arizona for the transaction privilege tax. There is no general exemption for sales to school districts and other non-profit organizations, and accordingly, vendors who sell to school districts

are subject to the transaction privilege tax. A different tax (the use tax) is also imposed by Arizona law upon the purchase of tangible personal property if such property was purchased from a retailer and is used, stored or consumed within Arizona. Unlike the transaction privilege tax, which is levied upon the vendor, the use tax is levied upon the purchaser. The use tax usually applies to purchases from out-of-state vendors, but it may apply to purchases from in-state vendors if the original purchase was not subject to the transaction privilege tax and the property is subsequently used, stored or consumed without any benefit of exemption from use taxation. A credit is given for any use tax that would otherwise be owed to the extent that transaction privilege taxes are paid on the same transaction.

School district exemptions for use tax and sales tax do not automatically pass on to FFO/clubs affiliated with the district. FFO/booster clubs are separate and distinct organizations apart from the district. Pursuant to Arizona Administrative Code R15-5-182, sales made to non-profit organizations are subject to transaction privilege and use tax. FFOs may be eligible for sales and use tax exemptions under a different provision in the Federal and State Statutes. Purchases “for resale in the regular course of business” are not taxable under Arizona Administrative Code R15-5-101 and ARS 42-5061.U.3. The tax imposed on the retail classification does not apply to the gross proceeds of sales of tangible personal property by any nonprofit organization organized and operated exclusively for charitable purposes and recognized by the department and the United States internal revenue service as such a nonprofit organization for charitable purposes (ARS. 42-5061.4; Arizona Administrative Code R15-5-182). Please contact the Internal Revenue Service and the Department of Revenue on how to obtain this exemption. A non-profit organization is any entity whose Articles of Incorporation or basic instruments (under which the organization operates) have declared that it is not-for-profit.

Please note that organizing as non-profit entity does not automatically exempt the organization from taxation. A tax-exempt organization is an entity that is exempt from one or more types of tax. It can be exempt from federal or state income taxes, property taxes, state, county or city transaction privilege and use tax, or some combination of these taxes. Please note that merely because an entity is exempt from one type of tax does not mean it is exempt from all taxation.

Once the exemption status has been established with the Internal Revenue Service and the Arizona Department of Revenue, the Arizona form ADOR 5000 may be used as an exemption certificate to document exempt transactions with the vendors at the time of purchase. See sample provided TAB 29.

The district will not be able to make purchases for the FFO/clubs in order to obtain the exemptions from sales and use tax unless the funds (donations) have been made to the district and funds deposited with the county treasurer’s office on behalf of the district. The following information defines types of tax forms and exemptions.

1. Transaction Privilege Tax Exemption Certificate: No Arizona Transaction Privilege License Number will be issued to an FFO/booster club since it is not generally in the retail sales business. When completing the form, write N/A on the License Number Line. On the line “Reason for Tax License,” write: Exempt from charging tax on items sold pursuant to ARS. 42-5061.A.4.

2. Forms 990 and 99: All 501(c) (3) organizations are required to file Form 990 yearly (unless their gross receipts are under \$ 25,000) with the Internal Revenue Service. Arizona Form 99 must be filed with the Arizona Department of Revenue. Returns are due the fifteenth day of the fifth month following the close of the fiscal year. In some cases, an additional Form 990-T, must be filed, and taxes will be due if the organization has unrelated business income. See TAB 31.
3. Form 1099-Misc. Any independent contractors paid \$600 or more by a FFO/club must be issued a Form 1099-Misc. each January for payments made in the preceding calendar year. Copies of these must be sent to the IRS and the Department of Revenue by the end of February each year. See TAB 30.
4. Other Requirements: Charitable donation letters must be issued to any person donating \$250 or more to the organization. Letters must also be issued to any person donating \$75 or more where only part of the payment is a contribution, such as fundraising dinner or golf tournament.

XVII. Insurance

The governing board is responsible for obtaining risk management services and adequately insuring the school district. As legally distinct and separate entities, FFO/clubs have a responsibility to make provision for the basic requirements of their organizations, including but not limited to: See sample provided in Addendum.

1. Implementing adequate accounting procedures and controls.
2. Filing tax returns.
3. Filing legal documents related to their legal status.
4. Obtaining other legal advice as needed.
5. Obtaining risk management services and adequate insurance protection.

If the district is able to extend its own insurance coverage to FFO/booster clubs, without additional cost to the district, it will do so. Otherwise, organizations are responsible for acquiring and paying for any insurance coverage they deem desirable.

XVIII. General Liability Coverage

District general liability coverage extends to insurance claims related to property damage or injuries to individuals while engaged in district-related activities. FFO/club- sponsored activities that occur on school property or off school property are currently covered under the district's liability coverage, with three notable exceptions:

1. When a parent organization contracts with a third party using an approved district contract (see TABS 4 and 5) to provide a service, equipment, or other materials related to a sponsored event, claims related to service, equipment or other materials supplied by that third party are not covered by CFSD insurance policies, even if the sponsored event is on

district property. When contracting with third parties, including food vendors, it is imperative that the parent organization require the third party to supply an Insurance Certificate prior to providing services, equipment or other materials. The Insurance Certificate should be in a minimum amount of \$1,000,000 General Aggregate, Products, Personal and ADV Injury, Fire damage, and each Occurrence. If the contract requires delivery of equipment or other supplies and materials the Insurance Certificate should also include a minimum of \$1,000,000 Automobile Liability, Combined Single Limit. This will provide protection during the loading and unloading of their vehicles. The Insurance certificate should show as a Named Insured both the sponsoring parent organization and Catalina Foothills Unified School District No. 16. CFSD requires insurance certificates whenever it rents district facilities to third party organizations. This is basically the same practice for parent organizations that contract with third parties to provide services, etc.

2. The Trust issued Technical Information Bulletin Number 54 on April 25, 2013 with an updated bulletin in April of 2014 that provides guidance related to selling and serving food items at district, FFO and booster club sponsored events. This bulletin includes Table 1 that provides the website for Pima County to research the Pima County Health Department requirements. Please refer to TAB 10. The Pima County website is <http://www.pimahealth.org/healthfood/index.asp>.
3. The Arizona School Risk Retention Trust issued a Technical Information Bulletin in March of 2012 where this guidance established new rules regarding contracts with vendors and the related insurance requirements.
4. CFSD insurance coverage does not extend to personal vehicles used by parent organizations. The Governing Board revised the district policy in January of 2010 and they no longer allow the transportation of students by private vehicle driven by non-school personnel.

XIX. Foundation Directors and Officers Liability Coverage

Effective October 1, 1997, the Arizona School Risk Retention Trust (ASRRT) will provide each CFSD parent organization with Directors and Officers Liability Coverage. The Trust will pay the premium for the parent organization, but each organization must complete and submit an application directly to the Trust.

This is not “professional liability coverage” because the nature of the parent organization does not fall under the formal definition of “professional” used by insurance carriers. With parent organizations (or other non-profit organizations) Directors and Officers Liability Coverage is used in place of professional liability or errors and omissions coverage. This is normal in the insurance industry. The insurance protects all officers and directors of the parent organization if a claim or lawsuit for negligence is filed against the organization. It covers officers and directors for all wrongful acts, errors, mistakes and omissions. It does not cover theft or embezzlement by a director or officer, but that coverage is already extended to officers and directors of district parent organizations through the district’s crime policy. It is not necessary to submit a separate application for crime coverage.

XX. Policy DH – Bonded Employees and Offices

The CFSD Governing Board requires bonding of student activities treasurers and other school employees to cover fidelity and loss of money. The amount of bond will be prescribed by the board, except that no revolving fund shall be established unless the designated custodian is bonded for an amount equal to twice the amount of the fund. In determining the amount and type of other bonds, the board will consider the amount of money in accounts during the period of time covered by the bond. The cost of bonding shall be paid by the district. (CFSD policy DH)

Should insurance coverage provided for parent organizations through the district’s coverage with the Arizona School Risk Retention Trust change, the district will notify all affected parent organizations far enough in advance for them to obtain any desired lost coverage on their own. The district will make every attempt to maintain the same level of coverage for parent organizations in future years, but cannot guarantee it if providing that coverage will result in additional cost to the district. Under Arizona’s Constitution the expenditure of public funds must be for a public use or purpose. Parent organizations are not considered public entities; therefore, expenditure of district funds to benefit a parent organization would be considered a “gift of public funds” under state law and would be prohibited.

XXI. Obtaining Coverage Through Arizona School Risk Retention Trust

1. The general liability insurance coverage that is extended to CFSD parent organizations under current insurance policies does not require any action on the part of the parent organization.
2. Each CFSD parent organization must prepare and submit a Foundation Directors and Officers Liability Application to obtain Directors and Officers Liability coverage. The ASRRT will pay the required premium on behalf of the parent organization. A copy of the application is enclosed at the end of this section (the content of the form may change over time so consult with the Trust for up to date forms when submitting an application). If the parent organization fails to submit an application it will not be provided this coverage. Renewal applications are now being approved for three years of coverage so it will only be necessary to submit an application every three years.
3. The crime coverage that is extended to CFSD parent organizations under current insurance policies does not require any action on the part of the parent organization.
4. If you require specific information on any insurance coverage extended through the ASRRT, please contact the CFSDs’ Director of Finance, Sandra Thompson directly at 209-7528.

XXII. Obtaining Insurance Certificates and Contracts

When contracting with a third party to provide food, services, equipment or materials for a sponsored event ask them to:

1. Obtain a contract with the specific contract language included in TABs 4 or 5 depending upon item or service that is being contracted. The liability language in this contract is the most critical component of these sample contracts. The contract must be sent to the Controller for review and signature. Please allow sufficient time for this review to occur.

2. Issue a Certificate of Insurance in the minimum amounts stated herein (See TABs 7 and 8 for specific requirements for an Insurance Certificate);
3. Show the "Certificate Holder" as Catalina Foothills Unified School District No. 16;
4. Mail the Certificate to the sponsoring parent organization and mail a copy to the school principal and a copy should be mailed to the attention of the Controller at the Murphy Administration Center, 2101 East River Road, Tucson, AZ 85718;
5. Do not allow the third party to provide food, services, equipment or materials until the Certificate of Insurance has been delivered;
6. Keep Certificates of Insurance on file for a minimum of three years after the event;
7. For third parties who provide ongoing service throughout a school year (e.g. a food vendor) request a Certificate of Insurance that is good for the entire fiscal year (Certificates can be issued for a single event, or for a specified period of time, usually one full year);
8. The insurance requirements may be waived for the provision of certain services, such as a puppeteer, storyteller, artist-in-residence, etc. If the third party vendor indicates that they do not carry such insurance and that it is not customary for them to provide such a certificate when providing the service to a school district contact the Controller for a determination of waiver. If the Controller determines that the third party in question is not required to supply a Certificate, request a written determination and keep it on file with other Certificates of Insurance.

XXIII. Incorporation Issues

Non-profit organizations are not required to become corporations. An FFO or booster club may wish to consider incorporation, however, since the corporate structure may insulate an organization from potential liability issues. If an organization wishes to incorporate, there are several one-time fees involved to establish the corporation. An attorney should be consulted. On a yearly basis, a corporation must file a report with the Arizona Corporation Commission and pay a \$10.00 annual fee. Corporations may have other reporting requirements with the Internal Revenue Service and other public agencies. Your attorney should be able to advise you of all ongoing reporting requirements related to incorporation. An initial filing fee to file a report with the Arizona Corporation commission is \$40. See TAB 27 for further information regarding this issue.

XXIV. Filing A Form 990, 990-EZ, OR 990-N

Generally, tax-exempt organizations must file an annual information return, Form 990 or 990-EZ. Tax -exempt organizations that have annual gross receipts not normally in excess of \$50,000 are not required to file the annual information return, Form 990 or 990-EZ; however, they are required to file a Form 990-N, Electronic Notice (e-Postcard). This is extremely important to remember, because if an organization fails to file for 3 consecutive years, the tax exempt status is revoked as of the filing date of the 3rd year.

Filing the e-Postcard is free and is done electronically by answering less than ten questions in an online form that can be found at <http://epostcard.form990.org>. The e-Postcard is due every year

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by the 15th day of the fifth month after the close of the tax year (5½ months after the end of the fiscal or calendar year). See sample of IRS Form 990 provided in TAB 31.