

## **Leesville High School Bands Club**

### **Policy: Student Activity Account Policies**

**Effective Date: 5/1/2018**

#### **1. Summary of Policies**

##### **1.1. Permitted Uses of Student activity accounts**

Student activity accounts may be used for:

1. Band camp expenses
2. Fair share assessments
3. Assessments for travel on official band trips
4. Expenses of authorized chaperones
5. Special charges assessed against all band members

Student activity accounts may not be used to acquire items that remain in the personal possession of any individual – student, student family member, or anyone else – following the student's departure from the band program. See Section 2.4 for more information.

##### **1.2. Transfers of funds to other organizations**

Under no circumstances may funds from a student activity account be transferred to another booster club or to any other organization – profit or non-profit – even if that organization is sponsored by Leesville High School.

##### **1.3. Transfer of funds between student activity accounts**

Transfer of funds between student activity accounts of non-related band members is not permitted. If a student leaves the band because of graduation, transfer, or for any other reason, the balance remaining in the student activity account will be transferred to the Bands Club Scholarship Fund.

One exception to this policy may be considered by the board: the parent or guardian of the departing student may request that the balance in the student's account be transferred to a sibling or other family member who lives in the same household. The transfer may be made for a current band member, or for a family member who is an immediate incoming sibling or family member – no gap year. If the current or incoming student has not enrolled in the bands program by June 1st, the excess funds will be released to the Bands Club Scholarship Fund.

See Section 2.7 and 2.8 for more information.

##### **1.4. Raising funds for the account of another student**

Normally, all funds raised during bands club sponsored fund-raising activities are posted to the account of immediate family members of the fund-raiser. Funds raised may be posted to the account of a non-family member, but only if the designation is made before the funds are raised or before the fund-raising work is actually performed. See Section 2.8 for more information.

### **1.5. Refunds of direct cash contributions only**

At the end of each school year, excess balances in student activity accounts for students who are leaving the band program may be refunded to bands club members if the excess funds were the result of payments received in cash or by check during that school year. The Bands Club will set the deadline for requesting refunds of excess cash contributions for the current year. No refunds will be issued for excess cash contributions from prior years.

Under extenuating circumstances, the board will consider requests for refunds of excess direct cash payments for any student, even if the student is not leaving the band program at the end of that year. Refund requests for students not leaving the band at the end of the current year must be made by the deadline to the board in writing and will be considered on a case by case basis.

If a student received a scholarship in the current year, any excess direct cash refund granted will be less the amount of the scholarship.

If no request for a refund is made by the deadline, the entire excess balance will be rolled over to the same account for the subsequent year for continuing students. For students leaving the band, the excess balance will be handled as described in Section 1.3 and 2.7.

Refunds of less than one dollar will not be made.

### **1.6. Refunds of direct cash contributions due to excess fundraising**

Should a student, or the student's family, fundraise more funds than necessary to fulfill the student's current year financial obligations, they may request a refund to the board by the set deadline of the excess balance up to the amount of any payments received in cash or by check during the current school year. No refunds will be issued for payments made in prior years. No fundraising dollars will be refunded based on ownership as described in 2.2.

If a student received a scholarship in the current year, any refunds granted will be less the amount of the scholarship

If no request for a refund is made by the set deadline, the entire excess balance will be rolled over to the same account for the subsequent year for continuing students. For students leaving the band, the excess balance will be handled as described in Section 1.3 and 2.7.

Refunds of less than one dollar will not be made.

## **2. Additional Background**

### **2.1. Purpose of the Bands Club**

The function and the purpose of the Bands Club is to provide supplementary resources, both financial and non-financial (such as volunteer hours, expertise, and leadership), to help the Bands Program at Leesville Road High School accomplish its educational goals. The Bands Program requires substantial additional funding for items such as instrument purchases, music, supplemental instruction, repairs, and performance expenses which typically exceeds the budget provided by the Wake County School System. Therefore, the Club has accepted the responsibility for providing ways and means by which this funding can be accomplished.

## **2.2. Tax-Exempt Status**

The Leesville High School Bands' Club is organized as a tax-exempt 501(c) 3 charity. As such, all funds raised through fundraising activities are exempt from income tax, sales tax, and payroll taxes. The regulations and legislation governing the use of tax-exempt funds specify that charitable donations are made "to or for the use of a qualified organization" – not for the use of any individual. Therefore, the Leesville High School Bands Club owns all funds resulting from fundraising activities. The individuals who raised the funds do not own or control the funds. Ownership privileges would include the right to make decisions about the use of funds. IRS regulations state: "the test (of tax-exempt status) ... is whether the organization has full control of the donated funds ... to ensure that they will be used to carry out (the organization's) functions and purposes."

## **2.3. Budgeting and Fair Share**

The expenses required for the bands program are relatively stable from year to year and generally are not discretionary. Therefore, the Bands Club has established a financial policy which first forecasts expenses and then determines fundraising goals, rather than determining spending levels after the results of fundraising activities are known. The Bands Club, therefore, determines a budget and then divides the net expenses equitably among all who benefit. This division of expenses is known as "Fair Share". In addition to fair share, the band takes at least one major trip each year, which is also funded by cash contributions or fund-raising activities.

## **2.4. Student activity accounts**

To make it possible for families to meet fair share and other expenses, and to ensure that all students can participate in band activities, the club organizes and manages fundraising activities for students and their families. Funds raised are equitably divided among participants according to a measure of their involvement in the activity: hours worked, items sold, or other measures as determined by the fundraising chairperson.

The student accounts chairperson keeps a record of fundraising dollars "earned" by the student, the student's parents, or others to meet fair share and other financial obligations. This record begins the date that the student enters the band program and ends on the date that the student leaves the band program for any reason (graduation, transfer to another school, or other reason). Carryover of excess fundraising balances is permitted from year to year as long as the student remains in the band program. If sufficient funds have not been earned to pay the amounts owed to the Bands Club, students and families may 1. pay the balance due with cash or check, or 2. Intended for band trips, apply to the Bands Club Scholarship Fund for financial assistance.

Fair Share is due by the date(s) determined by the Executive Board but not later than December 15th. Should a student enroll in the band program after December 15th, fair share amounts due will be prorated and are due by the end of the first month of enrollment.

## **2.5. Contributions to Student activity accounts**

Additions to student activity accounts may be made in any of the following ways:

1. Payment from personal funds
2. Allocations from fundraising activities
3. Grants from a scholarship fund
4. Transfer of balance from other family member

## **2.6. Deductions from Student activity accounts**

Deductions from student activity accounts may be made to satisfy charges allocated to the student for band activities. These charges include assessments for band camp participation, fair share, or other band function expenses. Occasionally, the Band Club Board may authorize payment from student activity accounts for other expenses allowable as authorized band expenditures. These additional expenditures must be for items which have broad applicability to the band program and do not have a significant personal use characteristic.

Student activity account funds may be used to cover expenses for chaperones when these expenses are authorized and necessary for band activities.

Deductions may not be made for expenses of persons not performing official duties for the band as authorized in advance by the Bands Club or its board of directors.

At no time may students or their families direct the treasurer or student accounts chairperson to disburse funds to them or on their behalf unless: 1. Expenditure is authorized by the Bands Club or its board of directors, or 2. Funds to be disbursed consist solely of contributions made to student activity accounts from excess cash contributions that school year. The Bands Club and its board of directors at no time should authorize reimbursement of individual expenses unless the business purpose of such expenditures is clearly documented and such expenditure is authorized in advance.

At all times, the guiding principles for authorization of expenditures should be adherence to tax regulations regarding allowable business expenses and consistency with accomplishing the stated goals of the Bands Club and the associated bands programs. In summary, expenditures from student activity accounts are to be made using the same standards regardless of the balance held by the account and/or the owner of the account.

## **2.7. Balances in Accounts of Graduating or Departing Students**

Should a student, or the student's family, raise or contribute more funds than necessary to fulfill the student's financial obligation, the excess funds can be:

- refunded to the extent that their source was cash or check contributions. If a student received a scholarship in the current year, refund granted will be less the amount of the scholarship
- Donate excess cash or check contributions rather than refund
- transferred to another family member who is either currently enrolled or immediately enrolling in the band program for use on future band financial assessments

At all times, participants in fund-raising activities should understand that the purpose of those activities is to benefit the band program at Leesville Road High School. Use of funds to provide personal benefits is not permitted. Bartering or other trading of favors or funds with respect to account balances in Bands Club student accounts is not permitted by the tax code.

## **2.8. Fundraising for Non-Related Students**

From time to time, students or their families may wish to contribute to the fundraising efforts of other band members who are not in the immediate family of the fundraiser. This is allowed as long as the following guidelines are followed:

1. The fundraiser declares to the record-keeper for the event (show captain or other event coordinator) that the fundraiser is working for a non-family member. Such declaration must be made before the fund-raising event starts. If no declaration is made, it is assumed that the fundraiser is working for the account of an immediate family member.
2. Details of the amount and source of funds credited to the account of a non-related band member will not be reported to the recipient, but will be reported to the treasurer, student accounts chairperson, fundraising chairperson, or event coordinator as appropriate.

## **2.9. Student Account Records**

The student accounts chairperson should maintain records on all contributions and distributions from student accounts for a minimum of five years. At no time is the student accounts chairperson authorized to transfer amounts between students without the authorization of the executive board unless the transfer is to correct a data input error.