




SCHOOL DISTRICT OF OKALOOSA COUNTY
TECHNICAL ASSISTANCE MEMORANDUM
BUDGETING AND FINANCIAL SERVICES

FINANCE TAM: 2017-006

CONTACT: Julie Perry, Director
Budgeting & Financial
Services

TELEPHONE: 833-5850

TO: School Principals

FROM: Rita R. Scallan, Chief Financial Officer 

DATE: August 15, 2016

SUBJECT: Fundraising Winner Statements & Policy Update

When a person wins a prize or award, there are certain procedures that are required by the Internal Revenue Service and the School Board of Okaloosa County. These procedures have been updated based on IRS regulations as shown on Notice 1340. Please refer to Section VI of the attached "Fundraising/Activities - Supplemental Information" for instructions regarding the updated policies.

MIS 4363 - Fundraising Winner Statement - Cash Prizes (Substitute Form W-9) has been revised to reflect the updated policies. This form is to be used for all "cash" prizes, whether paid in true cash or by internal funds check. As you know, all expenditures from internal funds are to be made by check; however, the District has made an exception in the case of the 50/50 drawings held at football games. The 50/50 drawing fundraisers have historically awarded cash prizes. In addition, the District has given permission for a new fundraiser - Cornhole tournament - to also award a cash prize to the winner. Please note that these are the only fundraisers that may award true cash prizes.

A new form has been created for merchandise prizes - MIS 5392 - Fundraising Winner Statement - Merchandise Prizes (Substitute Form W-9). This form replaces the previously required Form W-9 and MIS 3307 - Invoices for Services Rendered. Information about merchandise prizes is included in the attachment.

It is extremely important that each of these forms are fully completed and witnessed. The winner may not receive his/her prize unless this form is complete. The attachment specifies how each form should be handled. The original forms are to be forwarded to Accounting & Financial Reporting in January for the previous calendar year.

Should you have any questions or require additional information, please do not hesitate to contact Julie Perry at 833-5850.

cc: Executive Staff
Director - Accounting
School Bookkeepers

**SCHOOL DISTRICT OF OKALOOSA COUNTY
FINANCE DEPARTMENT
FUNDRAISING WINNER STATEMENT – CASH PRIZES
SUBSTITUTE FORM W-9**

MIS 4363
Revised 08/16

FUND COLLECTION VERIFICATION:

(This information is required if the amount of the prize is dependent on the amount of money collected.)

Date	Total Funds Collected at Fundraiser \$
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CASH PRIZE AWARDED:

Date	Type of Fundraiser	Total Cash Prize \$
	Less 25% Income Tax Withheld (Only if Cash Prize is \$5,000 or more) *	
	Equals Net Prize Awarded	

Prize Format: Cash (See note at bottom) Internal Funds Check # _____ Dated _____

* If the cash prize is \$5,000 or more, the District must withhold 25% for Federal income tax withholding. This withholding will be reported to the IRS.

FUNDRAISING WINNER INFORMATION: (Please Print)

Per F.S.S. 119.071(5)(a), your social security number is being collected for financial business. IRS regulations require that we obtain the taxpayer information shown in the table below prior to awarding a cash prize. If total cash prize(s) received by you from all schools in the District total \$600 or more, you will receive a Form W2-G.

Name (As Shown on Income Tax Return)		Phone Number (Including Area Code)	
Social Security Number	Driver's License State	Driver's License Number	
Address (number, street, and apt. or suite no.)		School's Name, Address, & Phone No.	
City, State, and Zip Code			

Fundraising Winner's Signature

Date

VERIFICATION/WITNESSES:

Witness #1 Signature	Witness #2 Signature
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True "cash" prizes are only approved for 50/50 Drawings and/or Cornhole Tournament fundraisers.
All other cash prizes must be in the form of an internal funds check.

**SCHOOL DISTRICT OF OKALOOSA COUNTY
FINANCE DEPARTMENT
FUNDRAISING WINNER STATEMENT – MERCHANDISE PRIZES
SUBSTITUTE FORM W-9**

MIS 5392
08/16

MERCHANDISE PRIZE AWARDED:

Date	Description of Merchandise Prize	Fair Market Value
		\$

IF MERCHANDISE IS VALUED AT \$5,000 OR MORE, SCHOOL MUST COLLECT 25% OF THE FAIR MARKET VALUE FROM THE WINNER PRIOR TO AWARDING THE PRIZE.

Date	Name on Check	Check No.	Amount Collected
			\$

* If the merchandise prize is \$5,000 or more, the District must collect 25% for Federal income tax withholding. This withholding will be reported to the IRS.

FUNDRAISING WINNER INFORMATION: (Please Print)

Per F.S.S. 119.071(5)(a), your social security number is being collected for financial business. IRS regulations require that we obtain the taxpayer information shown in the table below prior to awarding a cash prize. If total cash prize(s) received by you from all schools in the District total \$600 or more, you will receive a Form W2-G.

Name (As Shown on Income Tax Return)		Phone Number (Including Area Code)	
Social Security Number	Driver's License State	Driver's License Number	
Address (number, street, and apt. or suite no.)		School's Name, Address, & Phone No.	
City, State, and Zip Code			

Fundraising Winner's Signature

Date

VERIFICATION/WITNESSES:

Witness #1 Signature	Witness #2 Signature
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FUNDRAISING/ACTIVITIES – SUPPLEMENTAL INFORMATION

School District of Okaloosa County

Revised 8/12/16

I. General Provisions

- A. All fundraising projects and activities by the school, any group within, connected with, or in the name of the school, are to contribute to the educational and/or extra-curricular experience of students and shall not be in conflict with the overall instructional program administered by the Superintendent and his/her appointed staff.
- B. No fundraising projects or activities shall be conducted until the same have been approved by the club/organization sponsor, the principal, and the Superintendent or his/her designee.
- C. The development of fundraising projects and activities for a school shall be the responsibility of the principal and instructional staff and shall conform to School Board Policy and any directives established by the Superintendent.
- D. The principal shall control the fundraising activities conducted in the name of the school, and assure that the purposes are worthwhile. Each school shall continuously evaluate its fundraising projects and extra-curricular activities as they relate to the promotion of educational experiences, the time involved for students and teachers, and the additional demands made on the school community.
- E. Fundraising activities and projects within all schools shall be kept within a reasonable limit and shall be conducted in such a manner as to offer minimum competition to private firms.
- F. Before approving any project or activity, the principal shall require full justification of the need and an explanation of the manner in which the funds will be expended.
- G. Principals have the right to prohibit any individual or organization from directly soliciting students in the school during instructional time. However, nothing in this policy prohibits students from fundraising activities in the schools on behalf of school organizations at such times and locations as may be approved by the principal.
- H. No school shall sponsor, endorse, or conduct any fundraising activity for the school's General Fund which requires solicitation by students.
- I. Money derived from any school sponsored or endorsed fundraising project or activity shall be deposited in the school's internal funds account, except as may be otherwise provided in School Board Policy, and shall be disbursed as prescribed by School Board Policy and State Board of Education Rules.
- J. Commissions earned from photography sales and other like transactions shall be credited to the General Fund or other designated accounts.

FUNDRAISING/ACTIVITIES – SUPPLEMENTAL INFORMATION

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- K. A parent-teacher organization or other community or school related organization may sponsor fundraising projects and activities to benefit the school, provided school work and instructional time are not negatively impacted. Such activities shall be conducted in accordance with School Board Policy and shall be approved by the principal and the Superintendent or his/her designee.
- L. “Drawings by chance” or “drawings” in violation of Florida Statute 849.0935 shall be prohibited. (See Section V – Drawings By Chance) Gambling in violation of Florida Statute 849.04, ‘Permitting Minors and Persons Under Guardianship to Gamble,’ shall be prohibited.
- M. Unlawful activity shall be prohibited by any school group on or off of School Board property.
- N. Fundraising activities for which students are charged an admission shall not be conducted during school hours.
- O. Profits from a fundraiser may not be used for personal gain; however, an organization may allow its students to use their fundraiser profits for expenses related to membership in the organization. Examples:
 - 1. Band students may be allowed to use a portion of their fundraiser profits to pay for uniform rental and field trip expenses.
 - 2. Students who raise more money than required for the program, may not be given the extra funds – this would be considered personal gain.
 - 3. Any excess fundraiser profits may not be transferred to another organization on the student’s behalf. These funds must stay within the organization.

II. Approved Activity Categories/Funding Sources

Approval may be granted by principals to student organizations within a school to carry out any functions which will broaden the educational or social activity of the group, provided those activities are not in conflict with any existing School Board and State Board policies, rules or regulations, and are within the following categories.

A. Athletics

- 1. If not in conflict with other provisions of this manual, all matters concerning athletics will be decided on by the principal, in keeping with the rules and regulations of the Florida High School Activities Association. The following are approved sources of income from athletics:
 - a. Sale of tickets
 - b. Game guarantees in accordance with mutual agreements

- c. Television and radio rights
 - d. Program sales
 - e. Concession sales at athletic events
 - f. Donations
 - g. Special fundraising projects
 - h. Playoffs and tournaments
- B. Charitable Fundraising Drive by the Student Body
1. This includes all funds which are received in trust from fundraising drives conducted by the student body to benefit charitable organizations and remitted in the total amount to the charitable organization.
- C. Concessions
1. Concession sales at all student activities are permitted if they are operated by the school or student body organizations within the school approved by the principal or such outside agency as may be authorized by the School Board.
 2. The profits from concession sales shall be credited to those organizations of the school which the principal designates, except as restricted by these policies for faculty organizations.
- D. Fees – Course, Supply, Locks, Parking, etc.
1. No fees may be charged to students enrolled in elementary or secondary schools for any program or course which is a part of the instructional school day.
 2. Fees may be charged to students enrolled in other programs to the extent authorized by rules of the State Board of Education. The School Board must approve all fees charged under this section. Examples of such programs are:
 - a. Summer enrichment or after school activities
 - b. Adult general and community education programs
 - c. Adult vocational programs
 3. Fees may be charged for services which schools offer to students that are a benefit to those who elect to use them. Collection of fees under this section

FUNDRAISING/ACTIVITIES – SUPPLEMENTAL INFORMATION

School District of Okaloosa County

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are subject to prior approval of the School Board. Examples of such fees are:

- a. Band, stringed instrument, and choral instrument/uniform rental
- b. Physical Education uniforms
- c. Physical Education towel service
- d. Parking decal
- e. Locks

E. Fundraising By Classes, Clubs, Departments

1. This includes all funds that are raised by any Class, Club, or School Department, through dues, operation of concessions, dances, parties, carnivals, merchandise sales, or any other activity involving the school or one of its organizations, for which the money is to be spent at the direction of the class, club, or department concerned and with the approval of the principal.
2. Fundraising activities involving the sale of foods, carbonated beverages, confections, bakery products, etc., to students before and during school hours is prohibited unless approved by School Food Service. (See Vending)

F. Paid Entertainments

1. Entertainments are defined as those activities for student body and faculty personnel only, to which admission is charged.
2. Where admission is charged to school entertainments, the charges should be fixed at amounts permitting the maximum number of pupils to attend.
3. Fundraising activities for which students are charged an admission shall not be conducted during school hours.

G. Property Deposits

1. This category covers money received on locker keys, locks or similar returnable school property and is not refundable.

H. Publications

1. These include school newspapers, yearbooks, and other publications sold to the general student body and faculty.
2. The principal will review all contracts for school newspapers, yearbooks, and other publications, and renew on his/her authority.

FUNDRAISING/ACTIVITIES – SUPPLEMENTAL INFORMATION

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3. The Superintendent or his/her designee will prevent the execution of any contract which he/she or his/her staff determines is not in agreement with laws, regulations or School Board policy.
4. The selling price of a student body publication shall be set at a point or provision made in the student body budget so that the maximum number of pupils may benefit from the publications.

I. School Store

1. Merchandise that is needed by pupils to facilitate classroom instruction and to accommodate pupils may be sold in school stores where permission to operate such stores has been granted by the principal.
2. School stores shall offer a minimum of competition to local merchants.
3. The school store shall be enclosed in an area and separate from other stored facilities. The principal and group or club managing the store should have the only keys.
4. An excessive inventory should not be carried throughout the year and should be almost depleted at the end of the school year to avoid spoilage, deterioration of quality and as a safeguard against a large loss from theft.
5. The principal shall establish an approved list of merchandise for sale in the school store.

J. Vending Machines/Food Sales

1. Any food items (including vending machines) sold to students in competition with the approved district feeding program requires School Board approval and a state waiver. Contact the School Food Service Department to request a waiver.

III. Fundraiser Approval Procedures

- A. No fundraising projects or activities shall be conducted until the same have been approved by the club/organization sponsor, the principal, and the Superintendent or his/her designee.
- B. Any project or activity which is conducted annually by a school shall require a separate approval each year.
- C. The following procedures shall be utilized for fundraiser project or activity approval:
 1. The club/organization sponsor or liaison shall submit a “Request for Fundraising Activity” (MIS 4035) to the principal for approval.

FUNDRAISING/ACTIVITIES – SUPPLEMENTAL INFORMATION

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2. The principal or his/her designee shall forward the approved form to the Superintendent or his/her designee for final review and approval. We recommend that a copy of the fundraiser request be provided to the bookkeeper.
 3. Once an approved fundraiser request is returned to the school, a copy shall be given to the sponsor and the fundraiser may commence.
 4. We recommend that the original form be kept by the bookkeeper in a notebook or folder. This notebook or folder should be available for audit purposes and will provide the bookkeeper with information as to proper disposition of the funds.
- D. Such approval shall conform to the following conditions and any further directives of the Superintendent:
1. Merchandising projects shall be kept to a minimum.
 2. Door-to-door solicitation shall be prohibited for elementary students and strongly discouraged for middle and high school students. No student shall solicit funds from any private individual unless accompanied by at least one other student or by an adult supervisor.
 3. All street-median solicitation is prohibited.
 4. No person may call on homes prior to 9:00 a.m. or after 8:00 p.m. at any time.
 5. Any individual contacting a business to request a donation, or to attempt to sell products or services, shall provide a letter containing the signature of the principal explaining how the money will be utilized and confirming that the fundraising activity is either sponsored or endorsed by the school.
 6. For any activity involving the use of an outside entity providing solicitations, and that entity is to receive a portion of the activity proceeds for administrative or funds collection services, the principal shall require that a proper disclosure of the proceeds split with the outside entity be fully disclosed on printed materials used in the fundraising activity.
- E. The following projects or activities are not considered fundraisers:
1. Collecting funds from students to facilitate the purchase of class/club/organization shirts, supplies, etc.
 2. Collecting donations to defray the cost of a school field trip or for special classroom projects.
 3. Collecting admissions to athletic events, choral performances, band performances, and theater performances.

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4. Collecting dues for membership in a student club.
- F. The following projects or activities are fundraisers but are exempt from fundraising approval:
1. Annual School Carnival – Profits shall be transferred to the General Fund.
 2. School Class Pictures – Profits shall be transferred to the General Fund.
 3. Yearbooks – Profits shall be kept to a minimum so as to make the books affordable to the majority of the students; profits shall be kept in the Yearbook account to defray costs or transferred to the General Fund.
 4. Graduation Supplies – Profits shall benefit the Senior class or be transferred to the General Fund.
 5. School Supply Store – Profits shall be transferred to the General Fund.
 6. Media Center Book Fair – Profits shall be transferred to the Media Center.
 7. Class Rings – Profits shall be transferred to the General Fund.
- G. Schools may request that a portion of the profits from School Class Pictures be transferred to the Principal's Discretionary account by completing the following steps:
1. The school would complete a Request for Fundraising Activity form (MIS 4035) and submit it to the Superintendent or his/her designee for approval.
 2. The school may request to use a percentage of the school picture profit at the principal's discretion.
 3. If the fundraiser request is approved, all picture funds would be deposited into the picture account.
 4. A transfer would be made from Pictures to Principal's Discretionary, using a copy of the approved fundraiser request as backup. The remaining funds would be transferred to General.

IV. Accounting for Fundraisers

- A. A financial report shall be filed with the principal's office at the close of each fundraising activity. To accommodate collection of data for this report, a separate account or sub-account for the activity shall be established.
- B. These accounts or sub-accounts shall be used to record all income and expenditures directly related to the fundraiser.

FUNDRAISING/ACTIVITIES – SUPPLEMENTAL INFORMATION

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- C. If an organization participates in a fundraiser in which only one deposit is expected, such as ‘bagging for tips,’ a separate sub-account is not required.
- D. Once a fundraiser is complete, a General Ledger/Account History report shall be printed to show profit or loss of the fundraiser. This General Ledger/Account History report will serve as the required financial report.
- E. The profit or loss shall be transferred to the appropriate account using the General Ledger/Account History report and a copy of the fundraiser request as backup.

V. Drawings By Chance

- A. As stated in Section I (L), “drawings by chance” or “drawings” in violation of Florida Statute 849.0935 shall be prohibited. Florida statutes define “drawing by chance” as an “enterprise in which, from entries submitted by the public to the organizations conducting the drawing, one or more public entries are selected by chance to win prizes.” These rules are provided in order to be in compliance with Florida Statute 849.0935.
- B. The required disclosures on all brochures, advertisements, notices, tickets, or entry blanks regarding the drawing must include:
 - 1. The rules governing the conduct and operation of the drawing.
 - 2. The full name and address of the organization conducting the drawing.
 - 3. The source of the funds used to award or purchase prizes.
 - 4. The date, hour, and place where the winner will be chosen and the prizes to be awarded.
 - 5. That no purchase or contribution is necessary. (A minimum donation may be suggested on any printed material in connection with the drawing.)
- C. Additionally, it is unlawful for the organization conducting the drawing:
 - 1. To engage in a drawing in which the winner is predetermined by matching, instant winner, pre-selected sweepstakes, or otherwise in which the selection of the winner is rigged.
 - 2. To require an entry fee, donation, substantial consideration, payment, proof of purchase, or contribution as a condition of entering the drawing or of being selected to win a prize. A minimum donation may be suggested on any printed material in connection with the drawing.
 - 3. To condition the drawing on a minimum number of tickets having been disbursed or a minimum number of contributions being collected.

FUNDRAISING/ACTIVITIES – SUPPLEMENTAL INFORMATION

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4. To discriminate in any manner between those who contributed to the drawing and those who did not contribute.
5. To fail to promptly notify at the address shown on the entry blank, any person selected as the winner or winners of the drawing.
6. To fail to award all prizes offered.
7. To print, publish, or circulate deceptive, false, or misleading literature in connection with the drawing.
8. To cancel a drawing.
9. To condition the acquisition or giveaway of any prize upon the receipt of a certain amount of voluntary contributions or donations.

VI. Fundraising Winner Procedures

- A. When a person wins a prize or award, there are certain procedures that are required by the Internal Revenue Service and the School Board of Okaloosa County.
- B. If the prize or award is “cash” of \$4,999.99 or less:
 1. MIS 4363 – Fundraising Winner Statement – Cash Prizes (Substitute Form W-9) must be fully completed, signed, and dated.
 2. If the fundraiser is a 50/50 Drawing or a Cornhole Tournament, schools have the option of paying the winner in cash rather than with an internal funds check.
 3. All other fundraiser “cash” prizes must be paid by internal funds check. A copy of the MIS 4363 – Fundraising Winner Statement – Cash Prizes (Substitute Form W-9) shall be attached to the check requisition.
 4. The original MIS 4363 – Fundraising Winner Statement – Cash Prizes (Substitute Form W-9) shall be kept in a file. Each January, the original forms will be forwarded to Accounting & Financial Reporting for the previous calendar year.
 5. If one person should win cash and/or merchandise valued at \$600.00 or more, Accounting & Financial Reporting shall prepare the necessary forms to notify the Internal Revenue Service of prizes awarded.
- C. If the prize or award is “cash” of \$5,000.00 or more:
 1. MIS 4363 – Fundraising Winner Statement – Cash Prizes (Substitute Form W-9) must be fully completed, signed, and dated.

FUNDRAISING/ACTIVITIES – SUPPLEMENTAL INFORMATION

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2. If the fundraiser is a 50/50 Drawing or a Cornhole Tournament, schools have the option of paying the winner in cash rather than with an internal funds check.

a. The total prize shall be reported as income; however, the winner shall only be paid 75% of the prize as required by the Internal Revenue Service. The remaining 25% is considered withholding and shall be deposited into Internal Funds. For example:

“Cash” Prize/Income	\$5,000
Cash to Winner	\$3,750
Withholding to Deposit	\$1,250

b. A copy of the MIS 4363 – Fundraising Winner Statement – Cash Prizes (Substitute Form W-9) shall be attached to the check requisition made payable to the Okaloosa County School District for the 25% withholding.

c. Each January, the original MIS 4363 – Fundraising Winner Statement – Cash Prizes (Substitute Form W-9) and the check made payable to the Okaloosa County School District shall be forwarded to Accounting & Financial Reporting for the previous calendar year.

3. All other fundraiser “cash” prizes must be paid by internal funds check.

a. The total prize shall be reported as income; however, two checks shall be written as required by the Internal Revenue Service. A copy of the MIS 4363 – Fundraising Winner Statement – Cash Prizes (Substitute Form W-9) shall be attached to the check requisitions, and the check requisitions should be cross-referenced.

b. The first check shall be made payable to the winner in the amount of 75% of the total prize amount. The remaining 25% is considered withholding, and this check shall be made payable to the Okaloosa County School District. For example:

“Cash” Prize/Income	\$5,000
Check #1 to Winner	\$3,750
Check #2 for Withholding	\$1,250

c. Each January, the original MIS 4363 – Fundraising Winner Statement – Cash Prizes (Substitute Form W-9), the check made payable to the Okaloosa County School District, and a copy of the check given to the winner shall be forwarded to Accounting & Financial Reporting for the previous calendar year.

4. Accounting & Financial Reporting shall prepare the necessary forms to notify the Internal Revenue Service of prizes awarded.

FUNDRAISING/ACTIVITIES – SUPPLEMENTAL INFORMATION

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D. If the prize or award is merchandise valued at \$4,999.99 or less:

1. MIS 5392 – Fundraising Winner Statement – Merchandise (Substitute Form W-9) must be fully completed, signed, and dated.
2. A copy of MIS 5392 – Fundraising Winner Statement – Merchandise (Substitute Form W-9) shall be attached to the check requisition that paid for the prize or award.
3. The original MIS 5392 – Fundraising Winner Statement – Merchandise (Substitute Form W-9) shall be kept in a file. Each January, the original forms will be forwarded to Accounting & Financial Reporting for the previous calendar year.
4. If one person should win cash and/or merchandise valued at \$600.00 or more, Accounting & Financial Reporting shall prepare the necessary forms to notify the Internal Revenue Service of prizes awarded.

E. If the prize or award is merchandise valued at \$5,000.00 or more:

1. MIS 5392 – Fundraising Winner Statement – Merchandise (Substitute Form W-9) must be fully completed, signed, and dated.
2. The winner must issue the school a check or money order in the amount of 25% of the value of the prize. The check or money order will be deposited into the Internal Funds account.
3. A copy of MIS 5392 – Fundraising Winner Statement – Merchandise (Substitute Form W-9) shall be attached to the check requisition that paid for the prize or award.
4. A copy of MIS 5392 – Fundraising Winner Statement – Merchandise (Substitute Form W-9) shall be attached to the check requisition made payable to the Okaloosa County School District for the 25% withholding.
5. Each January, the original MIS 5392 – Fundraising Winner Statement – Merchandise (Substitute Form W-9) and the check made payable to the Okaloosa County School District shall be forwarded to Accounting & Financial Reporting for the previous calendar year.
6. Accounting & Financial Reporting shall prepare the necessary forms to notify the Internal Revenue Service of prizes awarded.