

## APPENDIX A

# SDE Guidelines for School Related Organizations



STATE OF ALABAMA  
DEPARTMENT OF EDUCATION



Joseph B. Morton  
State Superintendent  
of Education

Alabama  
State Board  
of Education

November 8, 2007

### MEMORANDUM

Governor Bob Riley  
President

TO: City and County Superintendents  
*Joseph B. Morton*  
FROM: Joseph B. Morton  
State Superintendent of Education

Randy McKinney  
District I  
President Pro Tem

RE: *Guidelines for Financial Operations of School-Related Organizations*

Betty Peters  
District II

Stephanie W. Bell  
District III

Dr. Ethel H. Hall  
District IV  
Vice President  
Emerita

Ella B. Bell  
District V

David F. Byers, Jr.  
District VI  
Vice President

Sandra Ray  
District VII

Dr. Mary Jane Caylor  
District VIII

Joseph B. Morton  
Secretary and  
Executive Officer

For many years schools and school boards have received conflicting guidance about the accounting requirements for school-related organizations. Several agencies have provided partial and often conflicting rulings regarding the required procedures for the operation of school, student, parent, athletic, and other organizations that provide financial support for school activities and functions.

Two years ago we began the process of preparing guidance for financial operations at the local school level. We have circulated draft guidelines through workshops provided by the Council for Leaders in Alabama Schools (CLAS), the Alabama Association of School Office Personnel, and the Alabama Association of School Business Officials. Workshop participants were receptive and appreciative of our efforts to address areas of specific concern to school officials, parents, auditors, and school personnel.

Enclosed please find a document entitled *Guidelines for Financial Operations of School-Related Organizations*. Although not specifically endorsed by the Alabama Council of SACS/CASI and the Alabama PTA, officials at both of these organizations have reviewed this document and have accepted the need to issue these guidelines.

Because school boards may be required to amend or adopt local school board policies, the procedures necessary to implement these guidelines should begin as soon as possible, with a goal of full compliance by July 1, 2008.

If you have questions or concerns about the enclosed guidelines, please contact Dennis Heard at telephone number (334) 242-9747 or by e-mail at [dheard@alsde.edu](mailto:dheard@alsde.edu).

JBM:WCP:DW  
Enclosure  
FY08-3007

## Guidelines for School-Related Organizations

The majority of public K-12 schools in Alabama operate under the accreditation standards of the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS/CASI). The *Accreditation Standards 2005* published by SACS/CASI includes in *Standard 2 Governance and Leadership 2.4* the following requirement: **In fulfillment of this standard, the leadership of the school...Controls all activities, including extra-curricular, that are sponsored by the school.** This publication also provides in *Standard 6 Financial Resources 6.15* the following requirement: **In fulfillment of this standard, the school...Controls all funds raised in the name of the school....** Interpretations of these standards, primarily *Standard 6.15*, have created conflicting guidance from various sources relating to the accounting requirements for school-related organizations.

In addition to the requirements of SACS/CASI, the Alabama Department of Education must also consider other factors in providing these Guidelines for School-Related Organizations, including:

- *State laws giving the authority to establish financial and administrative requirements for local schools to the:*
  - *State Superintendent of Education.*
  - *State Board of Education.*
  - *Local Boards of Education.*
  - *Department of Examiners of Public Accounts.*
- *Governmental Accounting Standards Board (GASB).*
  - *Generally Accepted Accounting Principles.*
  - *GASB Statement No. 14 – The Fiscal Reporting Entity.*
  - *GASB Statement No. 39 – Determining Whether Certain Organizations Are Component Units.*
- *Federal legislation.*
  - *Internal Revenue Service.*
  - *Congressionally Chartered Organizations.*

The determination that a particular club or organization is a school activity must be made on a case-by-case basis according to the actual facts and circumstances of the club or organization's operations at a school. The fact that an organization would not exist without the school it supports has no bearing on determining that the organization is a school activity. However, the purpose of these Guidelines for School-Related Organizations is to assist these organizations, school officials, school bookkeepers, auditors, and other agencies in determining the proper accounting for school-related organizations.

### Student Organizations

Student clubs and classes are usually recognized as school activities. The student officers and faculty sponsor operate the organization while the school principal acts in a fiduciary capacity over the organization's funds. The school's accounting records contain a separate account to record the financial operations of each student organization. Income from the student organization is recorded by receipts and deposited in the school bank account. The school principal approves the purchase orders, signs the checks, and maintains the supporting documents for the expenditures.

Some organizations consisting of students from the school may not be school activities. Some students belong to social organizations that operate off-campus. Community recreation leagues may consist solely of the school's students and operate under other entities that are not under the control of the school. Although the activities of these organizations may benefit the school's students, these organizations have a separate employer identification number (EIN), a separate mailing address, and maintain their own records and accounts.

### Athletics

School athletics are extra-curricular activities that must be under the control of the school principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity. Funds received to support an athletic activity at a school from sponsors, vendors, or other sources must be included in the school's financial records under the fiduciary control of the school principal. Funds from gate receipts and other sources may be recorded in one or more separate accounts for a particular sport in the school's financial records. However, a separate account for each sport is not required. When athletic events are held on locations other than school property, the school principal's control over the financial operations of the event, including ticket sales, concessions, and parking fees, will be determined by agreement with the entity in control of the event location.

### Parent Organizations

Parent and parent/teacher organizations provide a vital role in the education of students. In Alabama public schools, the PTA and the PTO are the most common parent organizations. Both organizations have a national organization that serves the individual school organizations. Each of the national organizations publishes guidance for the financial operations of the individual school organizations. These organizations must have a separate employer identification number (EIN) and a separate mailing address in order to maintain their own records and accounts outside the control of the school. However, these organizations will become school activities if:

- a) *Both parties mutually assent to the fiduciary control of the principal, or,*
- b) *A school employee leads fund-raising or maintains the accounting records for the organization.*

### **Booster Organizations**

All school sponsored extra-curricular activities must be under the control of the school. However, booster organizations are often formed to support the operations of these activities in a variety of ways. While providing additional financial support for a particular extra-curricular activity, the volunteers in the booster organizations also enhance community support that often extends to benefit all of the students at a school. Because some of the activities of a booster organization may be intertwined with the extra-curricular activity it supports, some of the organization's activities may be under the fiduciary control of the school principal while other functions of the same booster organization are not school activities. The determination that a particular booster organization is a school activity must be made on a case-by-case basis according to the actual facts and circumstances of the organization's operations at a school. These organizations must have a separate employer identification number (EIN) and a separate mailing address in order to maintain their own records and accounts outside the control of the school. However, these organizations will become school activities if:

- a) *Both parties mutually assent to the fiduciary control of the principal,*
- b) *A school employee, who is associated with the activity supported by the booster organization, serves/holds a leadership position in the organization, or,*
- c) *A school employee leads fund-raising or maintains the accounting records for the organization.*

Specific activities of a booster organization may come under the control of a school principal if:

- a) *The organization collects admission to the school function,*
- b) *The organization operates a concession operation on school property at the school function,*
- c) *The organization collects parking fees for the school function,*
- d) *The organization operates a training camp that includes students of the activity it supports, or,*
- e) *The organization operates an exhibition or competition that includes students of the activity it supports.*

### **Specific Requirements**

Parent organizations and booster organizations that maintain financial operations outside the control of the school could create a negative image for the school by failing to maintain proper accounting controls. Accountability for the funds these organizations control includes an agreement that:

- a) *The organization has obtained an employer identification number from the IRS.*
- b) *The organization provides a report of the annual audit of the organization to the school.*
- c) *The organization makes its financial records available to the school's auditors and authorized school employees upon request.*
- d) *The organization provides required financial reports.*
- e) *The organization provides proof of a fidelity bond for the treasurer.*
- f) *The organization will not provide any payment or benefit to a school employee (or family member of a school employee) in violation of the State Ethics Law.*

APPENDIX B

**Elmore County Schools**  
**REQUEST TO OPERATE SCHOOL CLUB,**  
**BOOSTER, OR SCHOOL ORGANIZATION**

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To: \_\_\_\_\_ Location: \_\_\_\_\_  
(Principal Name) (School Name)

Name of Organization: \_\_\_\_\_

Purpose of Organization: \_\_\_\_\_

Student Group to be supported: \_\_\_\_\_

Faculty Sponsor for Organization: \_\_\_\_\_

Current Number of Parent Supporters: \_\_\_\_\_

I agree with the following statements:

- > I have spoken with the faculty members who will serve as the sponsor of the support organization and have received their permission to submit this registration form.
- > I have read the Booster Clubs and School Support Organizations Guidelines thoroughly and agree to abide by the rules and guidelines it contains.
- > I understand that noncompliance with any District policy or guidelines may result in the disbanding of the support organization by the Principal or Chief Financial Officer.

Submitted by:

\_\_\_\_\_  
Representative Date Sponsor Date

\_\_\_\_\_  
Representative Address Phone Number

**For Local School Use Only**

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

Disapproved by: \_\_\_\_\_ Date: \_\_\_\_\_

*Return the original form to the representative of the support organization.*

*Send copy of this form to: (1) The Sponsor, (2) The Principal, and (3) The CSFO.*

APPENDIX C

## Elmore County Schools NOTIFICATION OF OFFICERS

Submit officer information to your supporting campus/department immediately following your organization's election. Information should be submitted even if officers have not changed from the previous year. Any changes that occur during the year prior to the next election should be reported utilizing this form. A copy of this form should also be maintained by the organization. A copy of the organizations fidelity bond should be submitted with this form.

School Year: \_\_\_\_\_ Local School Supported: \_\_\_\_\_

Name of Organization: \_\_\_\_\_

EIN# \_\_\_\_\_

**PRESIDENT**

\_\_\_\_\_  
First and Last Name

\_\_\_\_\_  
Street Address or PO Box, City, State and Zip Code

\_\_\_\_\_  
Primary Phone Number

\_\_\_\_\_  
Email Address

**VICE PRESIDENT**

\_\_\_\_\_  
First and Last Name

\_\_\_\_\_  
Street Address or PO Box, City, State and Zip Code

\_\_\_\_\_  
Primary Phone Number

\_\_\_\_\_  
Email Address

**TREASURER**

\_\_\_\_\_  
First and Last Name

\_\_\_\_\_  
Street Address or PO Box, City, State and Zip Code

\_\_\_\_\_  
Primary Phone Number

\_\_\_\_\_  
Email Address

**SECRETARY**

\_\_\_\_\_  
First and Last Name

\_\_\_\_\_  
Street Address or PO Box, City, State, and Zip

\_\_\_\_\_  
Primary Phone Number

\_\_\_\_\_  
Email Address

**APPENDIX D**

**Elmore County Schools**  
**BOOSTER BANK ACCOUNT INFORMATION**

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Bank accounts used by the \_\_\_\_\_ organization include:

Name of Bank	Account Number
_____	_____
_____	_____
_____	_____

The identification number used for the bank account is: \_\_\_\_\_

Organizations Identification Number (EIN) should be used. Do not use an individual's social security numbers, and do not use the District's EIN.

The current authorized signers include the following organization officers:

Name of Person/Officer	Position Held
_____	_____
_____	_____
_____	_____

**IMPORTANT**

The Sponsor cannot be an authorized signer on any organizations bank account. No employee or the district may be an authorized signer on the organization's bank account

Submitted by:

\_\_\_\_\_  
Representative

\_\_\_\_\_  
Date

**APPENDIX E**

**Elmore County Schools**  
**BOOSTER CLUB FUNDRAISER APPLICATION**

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Name of Organization: \_\_\_\_\_

Campus/School supported: \_\_\_\_\_

Type of event, activity, product sale or service: \_\_\_\_\_

Date beginning: \_\_\_\_\_ Date ending : \_\_\_\_\_

Location of event, activity, product sale or service : \_\_\_\_\_

Specific purpose(s) for which the net proceeds are to be used:

\_\_\_\_\_  
\_\_\_\_\_

Vendor (if applicable) : \_\_\_\_\_

Vendor contact name : \_\_\_\_\_ Phone: \_\_\_\_\_

Event coordinator name : \_\_\_\_\_ Phone: \_\_\_\_\_

District contact name : \_\_\_\_\_ Phone: \_\_\_\_\_

I request permission to conduct a fundraising activity. I will be responsible for the accountability of all monies collected and I will follow the organization's bylaws and ECBOE's guidelines.

\_\_\_\_\_  
Coordinator's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Principal/Designee's Signature

\_\_\_\_\_  
Date

This form should be submitted to the school principal ten (10) days in advance of event for approval. Original will be maintained at the local school and a copy maintained by the organization.



## **APPENDIX F**

### **PARENT SUPPORT ORGANIZATION SAMPLE AUDIT PROGRAM**

#### ***Audit Procedures:***

##### **BANK STATEMENTS**

- Determine whether a procedure is in place for a club member, other than those that have check signing ability, to receive bank statements by mail and review for reasonableness.
- Determine whether any cash corrections were identified on bank statements. Ensure that reasonable explanations are available.
- Compare the number of cleared checks included in the bank statement with the number that is noted on the bank statement to ensure agreement.
- Ensure that cleared checks contain signatures of individuals authorized to sign checks.
- Ideally, bank accounts should be established to require two signatures.

##### **BANK RECONCILIATIONS**

- Trace ending balances on the reconciliations to bank statements, outstanding check lists, and other reconciling items.
- Verify that bank reconciliations were completed within 30 days of bank statement ending date.
- Ensure that any outstanding or reconciling items on the reconciliations were cleared the following month.
- Verify that the balance in the bank account (at beginning of school year), plus total deposits per check register, minus total disbursements per check register, balances to ending bank account balance (at end of school year).

##### **RECEIPTS**

- From the receipt book/log or other accounting records select a representative sample to test (Use of spreadsheets is helpful)
- Trace deposits to collection documentation/cash receipts for agreement.
- Trace deposits to bank statements to ensure agreement.
- Ensure that receipts are presented for deposit in a timely manner by reviewing the dates of cash receipts with the date of deposit on the bank statement.

##### **DISBURSEMENTS**

- From the check register or other accounting records, select a representative sample of checks, withdrawals, or other debits (use of spreadsheets is helpful). If volume is significant, consider selecting only a representative sample.
- Trace checks to supporting documentation such as invoices, receipts, approved expenses related to fundraisers, or any other documentation.
- Review the canceled check to ensure agreement of payee name, endorsement, and check amount. Review for checks made out to cash or officer of organization
- Trace disbursements to budget approved by the membership or meeting minutes.
- For bank withdrawals for the purpose of establishing a change fund for an event, confirm

that the change fund was later re-deposited.

- Confirm no school district employees have been paid through the organization
- 1099 is issued for all individuals and applicable businesses

#### **FUNDRAISERS**

- Evaluate each fundraiser individually by calculating the value of items available for sale or number of tickets sold, and compare to deposits and remaining inventory, if any, to ensure agreement.
- Determine whether fundraiser applications were prepared and submitted to the campus principal for each fundraiser.
- Review Fundraiser reconciliation Form for accuracy

#### **MISCELLANEOUS**

- Inventory remaining check stock to confirm that all checks are present and sequential.
- Ensure that the check number for the last check issued and first check available in check stock are sequential.
- Confirm that check stock is retained in a secure place when not in use.
- Determine whether any checks were voided during the course of the year. Ensure that any voided checks are retained in the records and have been sufficiently modified to eliminate the possibility of clearing the bank (i.e. signature portion has been cut out of the check and VOID has been written across the check).
- Ensure that sales tax reports were prepared and filed timely.
- Ensure that an IRS Form 990 was filed and review for reasonableness.

#### **Essential Internal Control Procedures for Support Organizations**

- Money should never be kept at a treasurer's home.
- Two people should always count the money and both should sign the receipt verifying the amount.
- Two signatures should be required on all checks.
- Have a member who does not have check signing authority review the bank statement monthly before giving it to the treasurer. This person is looking for red flags including: checks showing up in non-sequential order, checks made out to cash, cash withdrawals, checks written out to non-approved vendors, checks written for non-approved expenses, and checks written out to individuals.
- **Never** sign a blank check or a check made out to cash.
- Money should be deposited into the organization's bank account daily or according to the district's procedures even if a project is ongoing.  
All bills must be paid by check, never cash.
- Conduct an annual audit of the books.

## APPENDIX G

### CONTACT LIST

In addition to the local school principal, other helpful contacts/links are provided below:

<u>Alabama Department of Education</u>	<u><a href="http://www.alsde.edu">http://www.alsde.edu</a></u>
<u>Alabama Building Commission</u>	<u><a href="http://www.bc.alabama.gov/">http://www.bc.alabama.gov/</a></u>
<u>Alabama Ethics Commission</u>	<u><a href="mailto:info@ethics.alabama.go">info@ethics.alabama.go</a></u>
<u>Alabama Attorney General's Office</u>	<u><a href="http://www.ago.state.al.us/">http://www.ago.state.al.us/</a></u>
<u>Internal Revenue Service</u>	<u><a href="http://www.irs.gov">www.irs.gov</a></u>
<u>National PTA</u>	<u><a href="http://www.pta.org/">http://www.pta.org/</a></u>
<u>Alabama PTA</u>	<u><a href="http://www.alabamapta.org/">http://www.alabamapta.org/</a></u>
<u>National PTO</u>	<u><a href="http://www.pto.org/">http://www.pto.org/</a></u>
<u>Parent Boosters USA</u>	<u><a href="http://parentbooster.org/">http://parentbooster.org/</a></u>
<u>Tax-Exempt Organizations</u>	<u><a href="http://www.irs.gov">www.irs.gov</a></u> (select Charities & Non-Profits)
<u>Tax Forms and Publications</u>	<u><a href="http://www.irs.gov">www.irs.gov</a></u> (select Forms & Publications)

## APPENDIX H

OFFICE OF THE  
ATTORNEY GENERAL  
DON SWEELMAN  
ATTORNEY GENERAL  
MONTGOMERY, ALABAMA 36130  
(205) 261-7400



STATE OF ALABAMA

FEB 10 1989

89-00168

Honorable Donald B. Sweeney, Jr.  
Rives & Peterson  
1700 Financial Center  
505 North Twentieth Street  
Birmingham, AL 35203-2607

Education, Boards of - Schools -  
Lotteries - Gambling

Under Article IV, Section 53 of  
Constitution of Alabama of  
1901, school board is prohib-  
ited from selling tickets to  
raffle in which prize is  
awarded by chance.

School board may sell tickets  
for chance to participate in  
game of skill, with winner of  
game awarded substantial prize,  
so long as outcome of game does  
not depend in material degree  
upon element of chance.

Question of whether the outcome  
of such game depends in  
material degree upon element of  
chance must be decided on  
case-by-case basis.

Dear Mr. Sweeney:

This opinion is issued in response to your request for an  
opinion from the Attorney General.

### QUESTIONS

1. Are raffle contests in which donated  
prizes are raffled off to persons who  
have purchased raffle tickets permis-  
sible in Alabama?

2. Are games of skill permissible where potential participants purchase a ticket which, if their name is drawn, entitles them to participate in the game, with the winner of the competition being given a substantial prize? An example of this would be a basketball shooting contest wherein the participants purchase a ticket making them eligible to participate in the contest. If their name is drawn and they win the contest, the winner is awarded a substantial prize.

#### FACTS AND ANALYSIS

In the opinion request you state the following:

As attorney for the Mountain Brook Board of Education, I have been requested by the superintendent and board to ask whether raffle contests by local schools are in violation of Alabama law.

For years, local schools throughout the state have asked merchants to donate prizes which are then raffled off at special fund-raising events. This has been and continues to be a fairly common practice. The money raised by selling tickets for the raffle contest are used to supplement local school funds for school projects. In fact, many schools are significantly dependent on the money raised by these raffle contests to supplement available school funds.

Please advise whether the public schools may have raffle contests to raise money for school projects.

Article IV, Section 65 of the Constitution of Alabama of 1901 prohibits conducting lotteries in the State of Alabama, and specifically provides:

"The Legislature shall have no power to authorize lotteries or gift enterprises for

Honorable Donald B. Sweeney, Jr.  
Page 3

any purpose and shall pass laws to prohibit the sale in this State of lottery or gift enterprise tickets or tickets in any scheme in the nature of a lottery; and all acts or parts of acts heretofore passed by the Legislature of this State, authorizing a lottery or lotteries, and all acts amendatory thereof, or supplemental thereto, are hereby voided."

In the opinion to Honorable Gwin Wells, Mayor, under date of December 6, 1984, this office stated that the Alabama Supreme Court has held time and again that Section 63 of the Alabama Constitution prohibits the Alabama Legislature from allowing any person to engage in the business of conducting a lottery.

In the Opinion of the Justices, 397 So.2d 546 (Ala.1981), the court defined the elements of a lottery as: (1) a prize, (2) awarded by chance, and (3) for a consideration.

Because you state in the opinion request that the raffle contest consists of a donated prize which is awarded by chance for a consideration, i.e., the purchase of a ticket, it is the opinion of this office that such a practice by a school board constitutes a violation of the prohibition against engaging in the business of conducting a lottery.

Moreover, Code of Alabama 1975, § 13A-12-22 provides:

"(a) A person commits the crime of promoting gambling if he knowingly advances or profits from unlawful gambling activity otherwise than as a player.

"(b) Promoting gambling is a Class A misdemeanor."

In light of this statute, a person involved in the carrying out of the lottery, other than as a player, could be charged with promoting gambling in contravention of § 13A-12-22.

With regard to your second question, in the opinion to Honorable Doug Valeska, District Attorney, under date of September 20, 1988, this office noted that the term "gambling" is defined in Code of Alabama 1975, § 13A-12-20(4) as "... risk[ing] something of value upon the outcome of a contest of chance ...." A "contest of chance" is defined in § 13A-12-20(3) as:

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Page 4

"Any contest, game, gaming scheme or gaming device in which the outcome depends in a material degree upon an element of chance, notwithstanding that skill of the contestants may also be a factor therein."  
(Emphasis added)

In the example you give, i.e., the basketball shooting contest, it is our opinion that the outcome of the contest depends primarily on the element of the participant's skill, rather than chance, and thus, this type of contest would not fall within the statutory definition of a "game of chance."

We must point out, however, that each case must necessarily stand on its own facts, and it is not the function of the opinions division of this office to state whether or not criminal statutes of the state have been violated. Rather, this would be a question to be determined by a jury and/or judge in a court of competent jurisdiction.

#### CONCLUSION

Under Article IV, Section 65 of the Constitution of Alabama of 1901, a school board is prohibited from selling tickets to a raffle in which a prize is awarded by chance.

A school board may sell tickets for the chance to participate in a game of skill, with the winner of the game awarded a substantial prize, so long as the outcome of the game does not depend in a material degree upon an element of chance.

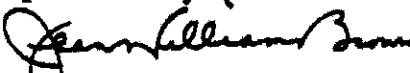
The question of whether the outcome of such a game depends in a material degree upon an element of chance must be decided on a case-by-case basis.

I hope this sufficiently answers your questions. If our office can be of further assistance, please do not hesitate to contact us.

Sincerely,

DON SIEGELMAN  
Attorney General

By:



JEAN WILLIAMS BROWN  
Assistant Attorney General

DS/JWB/jho  
02170



STATE OF ALABAMA  
OFFICE OF THE ATTORNEY GENERAL

TROY KING  
ATTORNEY GENERAL

500 DEXTER AVENUE  
MONTGOMERY, AL 36130  
(334) 242-7300  
WWW.AGO.STATE.AL.US

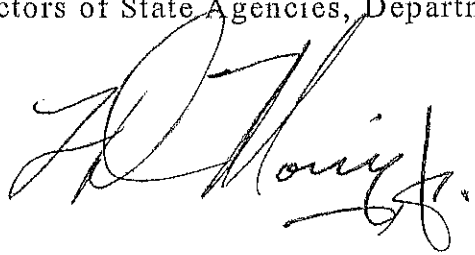
MEMORANDUM

TO: All Directors & Executive Directors of State Agencies, Departments  
& Boards

FROM: L. Daniel Morris, Jr.  
Chief Deputy Attorney General

DATE: March 3, 2009

RE: Raffles



It has been brought to the attention of the Attorney General through a complaint from outside of the office that several specific State agencies and departments are conducting raffles for various charitable and non-charitable causes. Many of these causes are worthy of support and this memo is not intended to discourage supporting their work. Please be aware that under the law in the State of Alabama, all raffles are considered illegal lotteries and are prohibited by Alabama law. Under the law of this State, there is no exception for holding a raffle just because the proceeds go to a charitable organization or another worthy cause. Furthermore, advertising these events on the internet or otherwise could be considered a misdemeanor, "promoting gambling."

Please take the action within your agency, department, or board that you see as appropriate to make sure that the State of Alabama complies with all gambling laws.

LDMjr./jaf



# Alabama Code Title 13A. Criminal Code. § 13A-12-20

## Search Code of Alabama

- Search by Keyword or Citation

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The following definitions apply to this article:

- (1) Advance gambling activity. A person "advances gambling activity" if he engages in conduct that materially aids any form of gambling activity. Conduct of this nature includes but is not limited to conduct directed toward the creation or establishment of the particular game, contest, scheme, device or activity involved, toward the acquisition or maintenance of premises, paraphernalia, equipment or apparatus therefor, toward the solicitation or inducement of persons to participate therein, toward the actual conduct of the playing phases thereof, toward the arrangement of any of its financial or recording phases or toward any other phase of its operation. A person advances gambling activity if, having substantial proprietary control or other authoritative control over premises being used with his knowledge for purposes of gambling activity, he permits that activity to occur or continue or makes no effort to prevent its occurrence or continuation.
- (2) Bookmaking. Advancing gambling activity by unlawfully accepting bets from members of the public as a business, rather than in a casual or personal fashion, upon the outcome of future contingent events.
- (3) Contest of chance. Any contest, game, gaming scheme or gaming device in which the outcome depends in a material degree upon an element of chance, notwithstanding that skill of the contestants may also be a factor therein.
- (4) Gambling. A person engages in gambling if he stakes or risks something of value upon the outcome of a contest of chance or a future contingent event not under his control or influence, upon an agreement or understanding that he or someone else will receive something of value in the event of a certain outcome. Gambling does not include bona fide business transactions valid under the law of contracts, including but not limited to contracts for the purchase or sale at a future date of securities or commodities, and agreements to compensate for loss caused by the happening of chance, including but not limited to contracts of indemnity or guaranty and life, health or accident insurance.
- (5) Gambling device. Any device, machine, paraphernalia or equipment that is normally used or usable in the playing phases of any gambling activity, whether that activity consists of gambling between persons or gambling by a person involving the playing of a machine. However, lottery tickets, policy slips and other items used in the playing phases of lottery and policy schemes are not gambling devices within this definition.
- (6) Lottery or policy. An unlawful gambling scheme in which:
  - a. The players pay or agree to pay something of value for chances, represented and differentiated by numbers or by combinations of numbers or by some other medium, one or more of which chances are to be designated by the winning ones; and

b. The winning chances are to be determined by a drawing or by some other fortuitous method; and

c. The holders of the winning chances are to receive something of value.

(7) Pari-mutuel, mutuel or the numbers game. A form of lottery in which the winning chances or plays are not determined upon the basis of a drawing or other act on the part of persons conducting or connected with the scheme, but upon the basis of the outcome of a future contingent event or events otherwise unrelated to the particular scheme.

(8) Player. A person who engages in any form of gambling solely as a contestant or bettor, without receiving or becoming entitled to receive any profit therefrom other than personal gambling winnings, and without otherwise rendering any material assistance to the establishment, conduct or operation of the particular gambling activity.

(9) Profit from gambling activity. A person "profits from gambling activity" if he accepts or receives money or other property pursuant to an agreement or understanding with any person whereby he shares or is to share in the proceeds of gambling activity.

(10) Slot machine. A gambling device that, as a result of the insertion of a coin or other object, operates, either completely automatically or with the aid of some physical act by the player, in such a manner that, depending upon elements of chance, it may eject something of value. A device so constructed or readily adaptable or convertible to such use is no less a slot machine because it is not in working order or because some mechanical act of manipulation or repair is required to accomplish its adaptation, conversion or workability. Nor is it any less a slot machine because apart from its use or adaptability as such it may also sell or deliver something of value on a basis other than chance.

(11) Something of value. Any money or property, any token, object or article exchangeable for money or property or any form of credit or promise directly or indirectly contemplating transfer of money or property or of any interest therein, or involving extension of a service entertainment or a privilege of playing at a game or scheme without charge.

(12) Unlawful. Not specifically authorized by law.

(a) A person commits the crime of simple gambling if he knowingly advances or profits from unlawful gambling activity as a player.

(b) It is a defense to a prosecution under this section that a person charged with being a player was engaged in a social game in a private place. The burden of injecting the issue is on the defendant, but this does not shift the burden of proof.

(c) Simple gambling is a Class C misdemeanor.

State of Alabama Attorney General's Office

<http://www.ago.state.al.us/Default.aspx>

## FREQUENTLY ASKED QUESTIONS

(click question to view answer)

### Can a non-profit organization conduct a raffle to raise funds in Alabama?

No. (Code of Alabama §13A-12-20, Article IV § 65, Const. of Ala 1901)

**State of Alabama Article IV, Section 65 states:**

#### SECTION 65

#### **Lotteries and gift enterprises prohibited.**

The legislature shall have no power to authorize lotteries or gift enterprises for any purposes, and shall pass laws to prohibit the sale in this state of lottery or gift enterprise tickets, or tickets in any scheme in the nature of a lottery; and all acts, or parts of acts heretofore passed by the legislature of this state, authorizing a lottery or lotteries, and all acts amendatory thereof, or supplemental thereto, are hereby avoided.

<http://alisondb.legislature.state.al.us/alison/codeofalabama/constitution/1901/CA-245600.htm>

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## APPENDIX I

# Elmore County Schools Outside Organization Yearly Submission Check Off List

Submit this information to the local school office by November 15th of each year.

**Local School Supported:** \_\_\_\_\_

**Name of Organization:** \_\_\_\_\_

**Mailing Address:** \_\_\_\_\_

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### Proof of Tax ID Number (EIN)-Notice from IRS

\_\_\_\_\_ **Copy of the Internal Revenue Service Tax Exempt letter**

----- **Proof of Fidelity Bond** -A current policy must be submitted. The amount of official fidelity bond should be equal to the average amount of revenue's received by the organization.

\_\_\_\_\_ **Proof of Audited Financials** - The audit does not necessarily have to be conducted by a CPA Firm, however it is strongly advised that the person performing the audit have an accounting background. These individuals must sign a statement certifying they have reviewed the financials, cash receipts, and fundraising activities for accuracy; any exceptions should be noted.

\_\_\_\_\_ **Financial Report**

**October 1st through September 30th of the reporting year-** The financial report is basically a summary of revenues less expenditures. This is a calculation of how the organization's profit margin to determine if the organization is profitable. The financial report does not necessarily have to be at year-end or at the end of the spot sponsored by the organization. This financial report can be done at any given month-end but must be for the latest full year. If no summary report can be produced a copy of all deposits, checks and receipts for a complete year should be submitted.

\_\_\_\_\_ **Bank Statement** --a copy of the first and last bank statements for the reporting period should be submitted along with the financial statements. If no financial statements, a copy of all the bank statements must be submitted

For the latest 12 months of the organization.

\_\_\_\_\_ **Club Officers** --a list of all officers along with contact information. Phone number, address and email address for each officer.

\_\_\_\_\_ **Copy of By Laws that have been adopted**

The items listed above are required to be submitted to ACBOE each year by November 15th. This date gives Central Office time to review all submitted documents and request any missing information prior to the annual arrival of the auditor sent by the Alabama Department of Examiners of Public Accounts. In the event these items are not submitted annually, and proof of the above cannot be verified, as required by the SDE, the parent/booster organization will have one of two options: (1) The organization can run through the school's books under the full authority of the school principal, or (2) The organization can be dissolved.

## APPENDIX J

# AUDIT CERTIFICATION

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To Whom It May Concern:

I, \_\_\_\_\_ certify that I have reviewed the financial statements for  
\_\_\_\_\_ Booster/Organization for the season \_\_\_\_\_ .

This would include **all** of the following financial information:

Financial Statements

Bank Statements

Check Request Forms

Receipts

Deposit Tickets

Concession Reports

Fundraiser Log/Spreadsheet

I certify that there were no discrepancies upon my review.

Sincerely,

# APPENDIX K

## Elmore County Schools BOOSTER CLUB AND PARENT ORGANIZATION FUNDRAISER RECONCILIATION FORM

This form should be completed 5 days after completion of the fundraising activity. This form along with a copy of the approved fundraiser form should be submitted to the local school.

Name of Organization: \_\_\_\_\_

Local School/Organization Supported: \_\_\_\_\_

Event Coordinator: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Fundraiser dates: \_\_\_\_\_

Type of event, activity, product sale or service = \_\_\_\_\_

Remaining products will be = \_\_\_\_\_

Profit Reporting			
<b>REVENUES</b>			\$
	Quantity Sold	X Price Per Item	= Revenues
			\$
	Quantity Sold	X Price Per Item	= Revenues
			\$
	Quantity Sold	X Price Per Item	= Revenues
<b>EXPENSES</b>			\$
	Quantity Purchased	X Cost Per Item**	= Expenditures
			\$
	Quantity Purchased	X Cost Per Item**	= Expenditures
			\$
	Quantity Purchased	X Cost Per Item**	= Expenditures
Quantity Difference		<b>GROSS PROFIT</b>	\$
**Attach Itemized Receipt			
I certify this report includes off funds derived from this fundraising project.			
Certified by: _____		Date: _____	
Reviewed by: _____		Date: _____	