

<p style="text-align: center;"><b>WASBO ASB PROCEDURES MANUAL</b></p>	<p style="text-align: center;"><b>FUNDRAISING</b></p>	<p style="text-align: center;"><b>REVISED 11/06</b></p>
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## **INTRODUCTION**

The following procedures for fundraising are necessary to ensure accounting controls in accordance with Generally Accepted Accounting Principles and a good internal control system.

## **PROCEDURES**

### **A. Procedures Prior to Sale**

1. The student council and the school principal, assistant principal(s), or designee must approve all fundraising. The fundraiser must be a type approved by the School Board. Complete a fundraiser intent form and check with the central business office about their notification requirements for fundraisers.
2. Put the fundraiser on the master calendar. A timetable shall be established for the starting and ending dates of the fundraiser, preferably no longer than 2 weeks. Depending on the type of event, a shorter time frame may be more appropriate and successful.
3. A selling price shall be established for the merchandise.
4. A purchase order shall be issued to the vendor, with the accounting copy sent to the central district office.
  - a. A written agreement should be made with the vendor to ensure that unsold merchandise can be returned for credit.
  - b. Consideration should be given to whether or not bid laws apply.
5. At the time merchandise is received from the vendor it shall be counted, signed for, and secured until it is checked out to the students.
  - a. The quantity received shall be checked against the quantity billed from the vendor.
6. The students shall be informed that they are responsible for all merchandise checked out to them. A parent approval letter is recommended.
  - a. The board should adopt a policy that students who do not return the unsold merchandise or cash received from sale of the merchandise will be assessed a fine.
  - b. This fine should be equivalent to the retail value of the merchandise.
7. A timetable should be established with the ASB bookkeeper or secretary for depositing money to the school office each day.
8. Anticipated revenue for the fundraiser should be projected.

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B. Procedures During the Sale

1. All merchandise should be stored in a secure area throughout the sale. The club advisor or designee should be responsible for securing the merchandise and for checking all merchandise in and out. For fundraisers exceeding one month, a monthly inventory count and a monthly reconciliation should be performed.
2. Individual student record sheets shall be maintained. (Attachments A and B)
  - a. Students must sign their record sheets each time he/she receives merchandise.
  - b. Students must sign their record sheets each time he/she turns in money for merchandise sold.
    1. The individual responsible for the fundraiser should perform an instantaneous reconciliation between what the student signed for and what they are returning.
    2. The use of pre-numbered receipt books with either district or school name is required.
  - c. Students should not be allowed to check out any additional merchandise if they have not successfully reconciled previous sales.
3. Money is to be turned into the ASB bookkeeper or secretary each day for deposit or storage in the school safe. The ASB bookkeeper or secretary will issue a receipt to the advisor each time money is turned in.
4. **Under no circumstances, should ASB club or group money be taken home for safekeeping either by students or staff, nor stored in a classroom, nor deposited to an individual's personal bank account.**

C. Procedures After the Sale

1. All student record sheets must be verified each time students turn in money or merchandise for accuracy after the fundraiser has ended.
  - a. If students have not turned in merchandise, prepare a schedule listing the names of the students, the quantity, and the amount due from each student.
  - b. Submit a list of students to the ASB bookkeeper or secretary for addition to a fine list.
2. All unsold merchandise is to be counted and placed in a secure location. The unsold merchandise is to be returned to the vendor for credit or sold to the student store for resale or retained for other appropriate ASB uses.
3. A file is to be kept on each fund raising activity. The file should include:
  - a. The fundraiser intent form.
  - b. Copies of all vendor invoices, district purchase order(s), receipts, student record sheets and any other backup documents.

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- c. A record of physical inventory of the unsold merchandise.
  - d. A copy of the vendor's credit memo for the merchandise returned.
  - e. A copy of the ASB interactivity transfer for the unsold merchandise transferred to the student store.
  - f. A final reconciliation showing the profit analysis of the fundraiser. This may be on the fundraising form (Attachment C) or by itself. (Attachment D)
4. All invoices received by the activity advisor shall be reconciled to the file copy purchase order(s) and then given to the ASB bookkeeper or secretary for payment.
  5. Total revenue less the value of merchandise not sold should be compared to projected revenue and amount deposited with the district.

**D. Raffles/Gambling/Bingo/Carnivals**

If district board policy allows, ASB's may conduct bingo, raffles and carnivals as fundraisers under certain Washington State Gambling Commission guidelines. A raffle has three components; cost, chance, and a prize. In order for students under 18 years of age to sell raffle tickets, the ASB must obtain a gambling license from the Gambling Commission. All buyers of raffles tickets must be at least 18 years of age regardless of license status. The ASB must "own" all prizes prior to the raffle.

In order to obtain a gambling license you must...

- Contact your central business office.
- Submit an application to the Washington State Gambling Commission.
- Pay a fee depending upon the gross proceeds of a class license.
- Designate a gambling manager to attend training.

*Be sure to allow plenty of time for the application process to be completed. The recommended time by the Gambling Commission is 90 days prior to needing the license.*

Once a license has been received, there are very specific rules and regulations that must be followed for each event. A highlight of those rules can be found at: <http://www.wsgc.wa.gov/docs/5-164.pdf>. Be sure to contact the Gambling Commission at 1-800-345-2529 with any questions or variations to the event.

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## ASB FUNDRAISING

### *A Quick Checklist*

Here is a general checklist for fundraising. You may customize it for your particular needs, and the requirements of your school district.

- Be sure the type of fundraiser is approved by school board policy.
- Be sure school policies and procedures are reviewed.
- Approval by Principal and Advisor.
- ASB meeting minutes indicating student approval.
- Selection of the Vendor.
- Time line established and scheduled on master school calendar.
- Group meeting to cover the details of the sale.
- Fundraising Activity form completed and filed in the Secretary/Bookkeeper's office.
- Vendor Contract signed.
- Parent and student Responsibility Acknowledgement form completed.
- Sale *kick-off* event.
- Incentives determined. (Be sure no cash incentives or possible "risk management" issues).
- Individual student record sheets.
- Verify student record sheets and money collected.
- Monies given to ASB Bookkeeper/Secretary on a daily basis.
- Purchase Order issued with student approval and Resale Certificate is attached.
- Initial inventory received, counted and secured.
- Secure merchandise during delivery period.
- Final inventory – secure & return unsold merchandise if contract allows.
- Final reconciliation of the funds raised.
- Final bill approved by Students, Advisor & Secretary/Bookkeepers.
- Fundraiser sale evaluated by students.

*Your school or district letterhead goes here...*

## **Parent/Student Acknowledgement of Fund Raising Sale**

Dear Parent:

The \_\_\_\_\_ has decided to sell \_\_\_\_\_ Items as a  
Fundraiser to support activities. We plan to use the profits for \_\_\_\_\_.

Certain guidelines are necessary and we ask that you read this carefully and review it with your son or daughter before the sale begins.

1. Your student will have total responsibility for the product. If it is lost or stolen, he or she must pay for that amount.
2. Merchandise should never be left in lockers or unattended in classrooms.
3. It is not necessary for a student to carry boxes of the product with him or her during the school day. It is suggested that students pick up the product from school at the end of the school day.
4. It is also recommended that the student carefully count all merchandise that is checked out to them prior to signing for the product.
5. Full credit will be given to the student for any unopened merchandise returned to the school.
6. Either the merchandise checked out to your son or daughter, or the appropriate amount of money must be returned by the end of the sale.
7. Money collected should be turned in exactly as collected. Please do not deposit to a personal account and write a check for the total.

Sincerely,

Principal

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*I have read the sale guidelines and agree to allow my son/daughter to participate in the fundraiser described.*

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(Parent Signature)

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(Student Signature)

---

(Date)

**ASSOCIATED STUDENT BODY PROGRAM FUND  
MERCHANDISE SALES REPORT**

Student Name		<u>Item</u>	<u>Item</u>	<u>Item</u>	<u>Item</u>	<u>Item</u>	<u>TOTAL</u>
_____	Student Signature	_____	_____	_____	_____	_____	
	Date Issued	_____	_____	_____	_____	_____	
	Unit Price	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
	Quantity Issued	_____	_____	_____	_____	_____	
	Quantity Sold	_____	_____	_____	_____	_____	
	Quantity Returned	_____	_____	_____	_____	_____	
	Money Returned	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	Signature-Returned	_____	_____	_____	_____	_____	
	Cleared-Teacher (Please Initial)	_____	_____	_____	_____	_____	

Student Name		<u>Item</u>	<u>Item</u>	<u>Item</u>	<u>Item</u>	<u>Item</u>	<u>TOTAL</u>
_____	Student Signature	_____	_____	_____	_____	_____	
	Date Issued	_____	_____	_____	_____	_____	
	Unit Price	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
	Quantity Issued	_____	_____	_____	_____	_____	
	Quantity Sold	_____	_____	_____	_____	_____	
	Quantity Returned	_____	_____	_____	_____	_____	
	Money Returned	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	Signature-Returned	_____	_____	_____	_____	_____	
	Cleared-Teacher (Please Initial)	_____	_____	_____	_____	_____	

Student Name		<u>Item</u>	<u>Item</u>	<u>Item</u>	<u>Item</u>	<u>Item</u>	<u>TOTAL</u>
_____	Student Signature	_____	_____	_____	_____	_____	
	Date Issued	_____	_____	_____	_____	_____	
	Unit Price	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
	Quantity Issued	_____	_____	_____	_____	_____	
	Quantity Sold	_____	_____	_____	_____	_____	
	Quantity Returned	_____	_____	_____	_____	_____	
	Money Returned	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	Signature-Returned	_____	_____	_____	_____	_____	
	Cleared-Teacher (Please Initial)	_____	_____	_____	_____	_____	

FUND RAISING  
ATTACHMENT A

**SCHOOL DISTRICT NAME**  
Fund Raiser Check-Out Sheets

Club and Teacher Name \_\_\_\_\_ Student Name \_\_\_\_\_

Date	Student Signature	Type of Merchandise	Quantity Checked Out	Quantity Checked In	Merchandise Balance	Money Turned In

Student's Signature \_\_\_\_\_ Total Items Sold \_\_\_\_\_  
Teacher's Signature \_\_\_\_\_ Total Money Turned In \$ \_\_\_\_\_  
Date \_\_\_\_\_ Amount Owning \$ \_\_\_\_\_

**SCHOOL DISTRICT NAME**  
Fund Raiser Check-Out Sheets

Club and Teacher Name \_\_\_\_\_ Student Name \_\_\_\_\_

Date	Student Signature	Type of Merchandise	Quantity Checked Out	Quantity Checked In	Merchandise Balance	Money Turned In

Student's Signature \_\_\_\_\_ Total Items Sold \_\_\_\_\_  
Teacher's Signature \_\_\_\_\_ Total Money Turned In \$ \_\_\_\_\_  
Date \_\_\_\_\_ Amount Owning \$ \_\_\_\_\_

FUNDRAISING  
ATTACHMENT B

# XXX SCHOOL DISTRICT

## Fundraising Activity Form

☐ ASB ☐ ASB Charitable ☐ General Fund

### A. Request for Pre-Approval of Fundraiser (at least TWO weeks prior to fundraiser)

School: _____		Group Name: _____		Account #: _____	
Proposed Fundraising Activity: _____					
Intended Use of Proceeds: _____					
Estimated Revenues:\$ _____			Estimated Expenses: \$ _____		
Estimated Revenues-Estimated Expenses=Estimated Profit: _____					
Will the fundraiser be held for the benefit of an organization outside the district?				Yes	No
If <i>yes</i> , please attach a copy of the name, address and phone number of the organization.					
Dates of the Fundraiser:		Start: _____	End: _____		
Team/Club Leader (student): _____		ASB Bookkeeper (staff): _____			
		(Signature & Date)		(Signature & Date)	
Coach/Club Advisor (staff): _____		Principal's <i>Pre-Approval</i> : _____			
		(Signature & Date)		(Signature & Date)	
Student Leadership(student): _____		Activity/Athletic Coordinator: _____			
		(Signature & Date)		(Signature & Date)	

### B. Steps Following Approval: *Request must be approved BEFORE event can take place.*

1. Send Copy of "Pre-Approval of Fundraiser" to District Accountant via District Mail or Fax
2. Order all needed materials or supplies with a Purchase Order through the Bookkeeper.
3. If needed, complete a Contract with vendor after obtaining Purchase Order approval.
4. Request a cash-box from the ASB Bookkeeper (*if needed*).
5. Conduct fundraiser, monitoring all cash and goods. Inventory should be kept for goods being sold.
6. Obtain appropriate record keeping forms from ASB Bookkeeper (*all forms must accompany money*).
7. Turn all money **INTACT** into ASB Bookkeeper for deposit. **Do not take expenses from money collected.**

### C. Accounting Summary of Fundraiser

1.	Anticipated Revenue ( <i>amount you should have collected based on actual sales</i> ):	\$ _____
2.	Total Actual Revenue Received	\$ _____
3.	Total Cost of Goods Sold ( <i>your cost for items sold</i> )	\$ _____
4.	Other Expenses( <i>decorations, supplies, etc.</i> )	\$ _____
5.	Total Expenditures	\$ _____ (line 3 plus line 4)
6.	Net Profit ( <i>loss</i> )	\$ _____ (line 2 less line 5)

### D. Final Approval of Reconciliation

I hereby certify that the above accounting information is complete and accurate:

Team/Club Leader (student): _____	ASB Bookkeeper (staff): _____
	(Signature & Date) (Signature & Date)
Coach/Club Advisor (staff): _____	Principal: _____
	(Signature & Date) (Signature & Date)
Activity Coordinator: _____	
	(Signature & Date)

Once Completed: Copies to the following:  
White: ASB Bookkeeper

Fundraising-8  
Pink: ASB Group/Activity

Yellow: District Accountant



## FUNDRAISING DEPOSIT

Purchase Order Number \_\_\_\_\_

Account Number \_\_\_\_\_ Receipt No. \_\_\_\_\_ to \_\_\_\_\_

Activity \_\_\_\_\_ is selling

\_\_\_\_\_.

### Cash Count

1's \_\_\_\_\_

**Check Total** \_\_\_\_\_

5's \_\_\_\_\_

Pennies \_\_\_\_\_

10's \_\_\_\_\_

Nickels \_\_\_\_\_

20's \_\_\_\_\_

Dimes \_\_\_\_\_

50's \_\_\_\_\_

Quarters \_\_\_\_\_

100's \_\_\_\_\_

Halves \_\_\_\_\_

**TOTAL** \_\_\_\_\_

**TOTAL** \_\_\_\_\_

**DEPOSIT TOTAL \$** \_\_\_\_\_

**Advisor** \_\_\_\_\_ **Date** \_\_\_\_\_

**Student Treasurer** \_\_\_\_\_ **Date** \_\_\_\_\_

## ASB FUNDRAISING PROFIT ANALYSIS

Activity \_\_\_\_\_ Date \_\_\_\_\_

1. Total Units of Merchandise Purchased \_\_\_\_\_
2. Less: Units of Merchandise Returned \_\_\_\_\_
3. Net Units of Merchandise for Sale \_\_\_\_\_
4. Selling Price \_\_\_\_\_
5. Projected Sales Volume (#3 x #4) \_\_\_\_\_
6. Revenue Receipts (Attach receipts) \$ \_\_\_\_\_
7. Variance (#5 minus #6) \$ \_\_\_\_\_  
(A Variance requires an explanation if it exceeds 3% of #5)
8. Less: Miscellaneous Expenses \$ \_\_\_\_\_
9. **NET PROFIT** \$\$ \_\_\_\_\_

Explanation: \_\_\_\_\_

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

Prepared by: \_\_\_\_\_ Date \_\_\_\_\_  
(Activity Advisor/Coach)

Approved by: \_\_\_\_\_ Date \_\_\_\_\_  
(Building Administrator)

ASB Bookkeeper: \_\_\_\_\_ Date \_\_\_\_\_

ASB Treasurer: \_\_\_\_\_ Date \_\_\_\_\_

FUNDRAISING  
ATTACHMENT D

# FUNDRAISER FINAL RECONCILIATION

Fill out this form and the ASB *Fundraising Profit Analysis*

The \_\_\_\_\_ club of \_\_\_\_\_ school held a fundraising activity by selling \_\_\_\_\_

purchased from \_\_\_\_\_ This fundraising activity was held from \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ to \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_. Sales were accomplished through \_\_\_\_\_

\_\_\_\_\_ . (example: door to door sales, pre-orders, before and after school) We had \_\_\_\_\_ members participate in the sale.

Completion of this form finalizes your sale. Attach a list of students who have not fulfilled their sales obligation noting merchandise and dollar amount for which they are still responsible. A copy of this list must be given to the principal's secretary or bookkeeper so that student names can be placed on the fine list. Your club account will be crepitated as these fines are paid. Include your account number on the student list.

*All blocked areas must be completed (if tangible items were sold)*

**A. Merchandise Purchased:** (You must attach a Xerox copy of the itemized invoice).

	@	\$		=	
	@	\$		=	
	@	\$		=	
	@	\$		=	
	@	\$		=	
			Sub-total	=	
			WSST/SHPG	=	
			TOTAL COST	=	\$ _____

**B. Merchandise Sold:** (Include any tax and shipping costs in your sale price per item).  
**Or Tickets Sold:**

	@	\$		=	
	@	\$		=	
	@	\$		=	
	@	\$		=	
	@	\$		=	
			TOTAL COST	=	\$ _____

**This should equal the amount of your deposits.**

**C. Merchandise Unsold Or Tickets Unsold:**

_____	@	\$	_____	=	_____
_____	@	\$	_____	=	_____
_____	@	\$	_____	=	_____
_____	@	\$	_____	=	_____
WSST/SHPG				=	_____
TOTAL COST				=	\$ _____

The unsold merchandise has been returned to the vendor for credit \_\_\_\_\_ Y/N \_\_\_\_\_  
If not returned, please explain \_\_\_\_\_

**D. Merchandise Checked Out and Not Returned:**

_____	@	\$	_____	=	_____
_____	@	\$	_____	=	_____
_____	@	\$	_____	=	_____
_____	@	\$	_____	=	_____
Value of Goods Not Returned				=	\$ _____

The unsold items have been placed in inventory and the inventory list submitted to the ASB Activities Coordinator \_\_\_\_\_ Y/N \_\_\_\_\_. Resold to the school store \_\_\_\_\_ Y/N \_\_\_\_\_

The list of students not returning merchandise has been turned in \_\_\_\_\_ Y/N \_\_\_\_\_

Please explain and discrepancies \_\_\_\_\_

**Recap:****A. Merchandise or Tickets Sold:****B. Merchandise Pending Credit:****C. Merchandise on Fines List:****Sub-Total****D. Merchandise Purchase Price:****Profit Total**

Advisor \_\_\_\_\_  
Student Treasurer \_\_\_\_\_

Date \_\_\_\_\_  
Date \_\_\_\_\_

**Sign where indicated and return to your school ASB Bookkeeper.**

This recap will be kept on file for state auditing purposes.

# PROJECT/SALES EVALUATION

Project: \_\_\_\_\_

Dates: \_\_\_\_\_

Evaluation completed by: \_\_\_\_\_

Project Chairperson(s): \_\_\_\_\_

How would you rate this project:	<i>Outstanding</i>	<i>Good</i>	<i>Needs Improvement</i>
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How would the students rate this project?	<i>Outstanding</i>	<i>Good</i>	<i>Needs Improvement</i>
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How would the faculty rate this project?	<i>Outstanding</i>	<i>Good</i>	<i>Needs Improvement</i>
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- List all the things about your project you would do again:

- List all the things about your project that should be changed next year.

- List any special recommendations or ideas for next year's committee.

- List all the people, businesses or groups that should be thanked for their part in this project.

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## ASB FUNDRAISING

### State of Washington Resale Information

On April 16, 2001, the State of Washington Department of Revenue granted the ASB's an exemption from the payment of sales tax for bona fide ASB fundraisers. This was done at the request of the WASBO (Washington Association of School Business Officials) ASB Committee to try to keep as much of the fundraising money in the ASB for student activities. The Department of Revenue recognized this request and considered the ASB's as a "non-profit organization" when fundraising on behalf of students.

This exemption can only be done for **one-time or periodic** ASB fundraisers which **MUST make a profit**. The yearbook can be an example of an ASB periodic fundraiser because orders are taken periodically throughout the school year.

This exemption CANNOT be used when the ASB fundraiser is an on-going fundraiser where items are purchased and sold throughout the year in the student store or for General Fund purchases.

When your ASB fundraiser qualifies, the ASB does not pay sales tax to the vendor.

Submit a completed Resale Certificate with your Purchase Order and send it to the District Purchasing office for processing.

Do not include sales tax on the Purchase Order.

# RESALE CERTIFICATE

1. Name of Seller: Vendor's Name
2. Name of Buyer/Business: School ASB Name here i.e. Beaver Lake Middle School ASB
3. Address of Buyer: Enter School Address  
Street City State ZIP Code
4. Buyer's UBI/Revenue Registration Number: Tax Exempt ASB - RCW 82.04.3651
5. Buyer is in the business of: ASB Non-Profit Fundraiser
6. Types of items purchased for resale: Record the Item here, i.e. Spirit T-shirts, Yearbook, etc.

The buyer certifies that it is purchasing the items listed on line 6 (please check appropriate box):

XX ☒ for resale in the regular course of business without intervening use.

☐ for use as an ingredient or component part of a new article of tangible personal property to be produced for sale,

☐ as a chemical to be used in processing a new article of tangible personal property to be produced for sale, or

☐ for use as feed, seed, seedlings, fertilizer, or spray materials in its capacity as a farmer.

The buyer acknowledges that it is solely responsible for purchasing within the categories listed on line 6. The buyer acknowledges that misuse of the resale privilege subjects the buyer to a penalty of 50 percent of the tax due, in addition to the tax, interest, and any other penalties imposed by law.

Print Name: Principal's Name Here

Name of Person Authorized By the Buyer to Sign the Resale Certificate

Signature: Principal's Signature

Signature of Authorized Agent of the Buyer

Effective Date: September 1, 200X through August 31, 200X

Date Signed: \_\_\_\_\_

Seller must maintain a copy. **Please do not send to Department of Revenue.**  
Reference Rule and Statue (RCW 82.08.130 and WAC 458.20.120)

# RESALE CERTIFICATE

1. Name of Seller: \_\_\_\_\_
2. Name of Buyer/Business: \_\_\_\_\_
3. Address of Buyer: \_\_\_\_\_  
Street City State ZIP Code
4. Buyer's UBI/Revenue Registration Number: \_\_\_\_\_
5. Buyer is in the business of: \_\_\_\_\_
6. Types of items purchased for resale: \_\_\_\_\_

*The buyer certifies that it is purchasing the items listed on line 6 (please check appropriate box):*

- ☐ *for resale in the regular course of business without intervening use.*
- ☐ *for use as an ingredient or component part of a new article of tangible personal property to be produced for sale,*
- ☐ *as a chemical to be used in processing a new article of tangible personal property to be produced for sale, or*
- ☐ *for use as feed, seed, seedlings, fertilizer, or spray materials in its capacity as a farmer.*

*The buyer acknowledges that it is solely responsible for purchasing within the categories listed on line 6. The buyer acknowledges that misuse of the resale privilege subjects the buyer to a penalty of 50 percent of the tax due, in addition to the tax, interest, and any other penalties imposed by law.*

Print Name: \_\_\_\_\_  
Name of Person Authorized By the Buyer to Sign the Resale Certificate

Signature: \_\_\_\_\_  
Signature of Authorized Agent of the Buyer

Effective Date: \_\_\_\_\_ through \_\_\_\_\_

Date Signed: \_\_\_\_\_

Seller must maintain a copy. **Please do not send to Department of Revenue.**  
Reference Rule and Statute (RCW 82.08.130 and WAC 458.20.120)





State of Washington  
Department of Revenue

# Excise Tax Advisory

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Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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Number: 2004.04/08.167

Issue Date: November 23, 1999

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## **Fund-raising Activities of Public Schools, Associated Student Body Groups, and Parent Teacher Associations**

Since Senate Bill (SB) 6599 (Chapter 336, Laws of 1998) was enacted, the Department of Revenue has received many questions concerning whether fund-raising activities conducted by school districts, Parent Teacher Associations (PTAs) and Associated Student Body (ASB) groups qualify for the bill's two fund-raising exemptions.

This advisory outlines how the fund-raising exemptions apply to school districts, PTAs and ASB groups until such time as the information is incorporated into the applicable rules through the Department's rule-making procedure.

### **The Exemptions**

SB 6599, now codified as Revised Code of Washington (RCW) 82.04.3651 and 82.08.02573, broadens and simplifies previous exemptions for fund-raising activities conducted by nonprofit organizations. It provides a two-prong test to determine whether an entity is eligible to take advantage of the tax exemptions. An organization must:

1. Meet the statutory definition of a nonprofit organization; *and*
2. Conduct fundraising activities as defined by the statute.

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*ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.*

Please direct comments to:  
Department of Revenue  
Legislation & Policy Division  
P O Box 47467  
Olympia, Washington 98504-7467  
(360) 753-4161 eta@DOR.wa.gov

To inquire about the availability of receiving this document in an alternate format for the visually impaired or language other than English, please call (360)753-3217. Teletype (TTY) users please call 1-800-451-7985.

### ***Nonprofit Organization Defined***

To meet the statutory definition of term "nonprofit organization," an organization must meet one of the following criteria:

- (a) Be exempt from tax under section 501(c) (3), (4), or (10) of the federal internal revenue code (26 U.S.C. Sec. 501(c) (3), (4), or (10));
- (b) Otherwise qualify for exemption from federal tax under (a) above except that it is not organized as a nonprofit corporation; or
- (c) Meet all of the following criteria:
  - (i) The members, stockholders, officers, directors, or trustees of the organization do not receive any part of the organization's gross income, except as payment for services rendered;
  - (ii) The compensation received by any person for services rendered to the organization does not exceed an amount reasonable under the circumstances; and
  - (iii) The activities of the organization do not include a substantial amount of political activity, including but not limited to influencing legislation and participation in any campaign on behalf of any candidate for political office.

### ***Fund-raising Activities***

The term "fund-raising activity" means soliciting or accepting contributions of money or other property, or selling goods or services for cash to further the nonprofit organization's goals. It does not include the ongoing operation of a regular place of business in which sales are made or services are provided during regular hours such as a bookstore, thrift shop, restaurant or similar business. Fund-raising activities can be disassociated from regular business activities when the fund-raising activity is not done at a regular place of business during regular hours.

### ***The Exemptions***

Organizations meeting both prongs of the test are not subject to business and occupation (B&O) tax on gross income derived from fund-raising activities. In addition, such organizations are exempt from the requirement to collect sales tax when selling retail goods and services as part of a fund-raising event.

Qualifying organizations purchasing goods to resell during a fund-raising event may purchase such goods without sales tax. To make such purchases, the organization must give the seller a properly completed resale certificate. When completing the resale certificate, organizations that are not required to have a UBI/Tax Registration number should indicate that the organization is a qualifying nonprofit organization and will sell the goods during a tax-exempt fund-raising activity.

### **School Districts**

Public school districts are governmental entities which are governed by locally elected legislative boards. As such, public school districts are not eligible for the exemptions provided by RCW 82.04.3651 and 82.08.02573.

### **ASB Groups**

ASBs are established by school districts. However, an ASB is not a public governing body lobbied to make public decisions and is not necessarily involved in a substantial amount of political activity.

To be considered a nonprofit organization, however, an individual ASB must meet the qualifications in the statute and prove that it and the student groups it sponsors are not engaged in a substantial amount of political activity. The easiest way for an ASB to prove it does not engage in a substantial amount of political activity is for the regulating school district to provide that the ASB cannot engage in a substantial amount of political activity. This includes but is not limited to influencing legislative decisions at federal, state or local levels, or participating in any campaign on behalf of any candidate for political office. If the regulating school district does not provide for a limitation of political activities, the ASB must be able to prove that neither the ASB nor ASB-sponsored groups engage in a substantial amount of political activity.

Thus, ASB groups that are not involved in a substantial amount of political activity will qualify for the fund-raising exemptions.

It is important to understand that exemption from the requirement to collect sales tax is limited to those sales the ASB makes in its own name. The exemption does not apply if an ASB group makes sales as an agent for a third party. For example, sales of class jewelry for which the ASB merely collects the money on behalf of the seller continue to be subject to sales tax. The fund-raising exemption does not extend to sales made on behalf of non-qualifying organizations.

### **PTAs**

To the extent a PTA group qualifies as a nonprofit organization, it will qualify for the exemptions providing it conducts fundraising activities as defined by statute.

When considering sales of tangible personal property by the PTA, it is important to distinguish between sales made by the PTA in its own name and those sales whereby the PTA acts as an agent. The fund-raising exemption does not extend to sales made on behalf of non-qualifying organizations.

A common example of a PTA acting as an agent includes book fairs during which the seller consigns books to the PTA. Typically, a PTA will sponsor a book sale during a specific time period. Although the PTA is the sponsor, the seller's name is prominently displayed at the event. The PTA has the option of keeping a book or cash profit based on specified percentages of their total sales. In most

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instances, the PTA retains a percentage of the sales proceeds and remits the remaining proceeds to seller. The PTA returns unsold books to the seller. In this and similar situations, sales tax must be collected and remitted on the book sales.

### **Further Questions?**

School-related fund-raising activities vary school to school and group to group. This advisory is intended to provide a general discussion of how the exemptions apply and may not address all school-related fund-raising activities. In such circumstances, the facts should be submitted in writing to:

Taxpayer Information and Education Section  
Washington State Department of Revenue  
Post Office Box 47478  
Olympia, Washington 98504-7478