

FUNDRAISING IN THE DIGITAL AGE

Online fundraising sites are becoming an increasingly popular method of raising money to support public schools. Such sites can be valuable tools for schools, school employees, booster clubs, and foundations to raise funds to support educational programs and activities. However, to avoid potential pitfalls, it is important for school districts to establish policies and protocols that provide clear direction to individuals who use such sites to raise funds on behalf of specific schools. This guide provides practical tips and recommended best practices for developing school district policies regarding the use of donation-based crowdfunding sites for fundraising purposes.

GENERAL POLICY POINTERS

- If your school district allows the use of online donation sites for school fundraisers, ensure that there is a process in place for individuals to request administrator approval of the fundraising campaign.
- The application process should require individuals who wish to raise funds for the district or a specific school to submit all details of the fundraising campaign to a designated district administrator for review and approval in advance of the campaign, including:
 - The proposed website to be used
 - The proposed amount of funds to be raised
 - A description of the intended use for any funds raised or materials donated
 - A complete copy of the language to be posted on the fundraising site
 - A complete copy of the school employee's profile to be listed on the site
- To ensure that student privacy rights are protected, include clear language in district policies that prohibits district employees from posting or publishing personally identifiable information of district students when conducting an approved fundraising campaign. If employees request to post photos or videos of students as part of the campaign, ensure that appropriate parental consent has been obtained prior to posting.
- Require that the fundraising campaign description include a statement that all donations are voluntary and are not a condition of any student's participation in school activities.
- Clarify that any and all funds or materials received through the campaign will become the property of the district and will remain with the district if the teacher transfers or otherwise terminates his or her employment.
- Maintain inventories of donated items to ensure that the district accurately tracks donated items that have become the property of the district.
- If district employees wish to fundraise for instructional materials, including educational technology (such as laptops, tablets, etc.), ensure that employees are aware these donations must meet district criteria for the selection of instructional materials.
- Establish a district protocol for monitoring approved online fundraising campaigns to ensure compliance with applicable law and district policies.
- Review the terms and conditions of various fundraising websites and consider limiting district authorization of donor campaigns to specific fundraising websites.
 - Some donation sites are tailored specifically to schools and allow funds raised or items donated to be delivered directly to the school administrator or school site, which can help eliminate the risk of misuse of the site and can help districts monitor and track donations received.
 - As educational organizations, districts may be exempt from certain federal and state tax requirements. As a result, a donor that donates money or property to a district may be able to claim certain tax deductions. If questions arise regarding how a donor should report a donation on a tax return, advise the individual donor to seek advice from legal counsel and/or a tax professional.

Q: Who owns items or other donations made through crowdfunding platforms?

A: Donations made to the school district for a particular school or program are property of the district, and should generally be received and accounted for through the district's business office. When donors specify that donations are to be used for a particular purpose, district staff should record that revenue deposited into the county treasury as a donation for a particular school or program.

School districts should develop clear policies that put teachers on notice that funds donated to a class or school site are district property, and do not belong to an individual teacher, classroom or school site.

Q: What happens to donated funds if insufficient funds are raised to purchase a particular item or meet a fundraising goal?

A: Each crowdfunding platform has different policies regarding how funds will be handled at the end of a fundraising campaign. Some platforms will provide credits to the user that can be credited toward a future fundraising campaign, while others will refund donations to the original, individual donors. Additionally, some sites will issue payment to the user for the amount raised even if the fundraising goal was not met.

School districts should vet the various crowdfunding platforms in order to identify those with policies most beneficial to the district's fundraising goals and identify district-approved crowdfunding platforms in applicable district policies.

Q: Are donations tax deductible?

A: Districts should work with a tax professional to identify the tax deductions or other tax implications associated with funds donated to school districts through crowdfunding platforms. In some instances, donations made to tax exempt entities, such as school districts, may be tax deductible.

School districts should create crowdfunding policies that require donations to go directly into district accounts rather than be transferred through personal bank accounts of employees or third parties to reduce the potential risk of unintended tax implications.

Q: Who receives the funds raised on a crowdfunding site?

A: Each crowdfunding platform has its own policy governing the release of funds. Some platforms will route donations into bank accounts listed in the user profile, whereas others will issue checks to the name and address provided by the user. Some platforms allow an administrator to designate where donated funds or items should be sent.

School districts should evaluate various platforms for policies that best match the district's goals, including platform policies that allow district administrators to approve crowdfunding campaigns that direct payment to a district managed account.

Q: How can districts monitor crowdfunding campaigns to ensure accountability?

A: Some crowdfunding platforms require teachers and other individual users to link fundraising campaigns to a verified educational institution, thereby allowing school districts to monitor and approve the content of fundraising campaigns conducted through the site. Some platforms also allow districts to designate where donated funds should be sent, and to choose to provide notices and updates to district administrators.

It is recommended that districts create policies that require all online campaigns to be pre-approved by the district. District policies should also direct individuals to use platforms that allow the district to select settings that require that donated funds be sent directly to a district managed account.

Q: What should districts do to avoid equity issues between classrooms and school sites that do not benefit from crowdfunding on an equal basis?

A: School districts should take advantage of helpful platform features that allow advance review and approval of crowdfunding requests. Districts should also implement district policies that require teachers to obtain district approval before launching a crowdfunding campaign to ensure that all donated instructional materials and other classroom supplies comply with district standards. Districts may choose to allocate donated funds between multiple classrooms or school sites, or spend funds for purposes that benefit a large number of students. Districts can also foster equity by providing teachers with pre-structured crowdfunding platform access to encourage responsible and equitable use of these online resources.

This information is a summary only and not legal advice.

We recommend that you consult with legal counsel to determine how this may apply to your specific facts and circumstances.

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