

**AASBO**  
Local School Financial Conference

**BEST PRACTICES**  
**ONLINE FUNDRAISING**  
November, 2018

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What is Crowdfunding?

- **CROWDFUNDING:**  
The ability to unleash the power of the internet to give groups the means to raise funds

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What is Crowdfunding?

- The ALSDE hasn't taken a position on whether or not school systems should participate in crowdfunding sites such as Go Fund Me.
- Review your school system's Board Policy and Procedures to determine if crowdfunding fundraisers are allowed

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### What is Crowdfunding?

- Considered a fundraiser
- Be mindful of what is being requested
- Must obtain prior approval of Principal<sup>1</sup>
- Campaign shall be in the name of the school

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### What is Crowdfunding?

- Understand acronyms such as AON and KIA<sup>2</sup>
- Administrative Fee?
- How long funds held?
- Funds received or goods purchased on behalf of school?
- Monitor site throughout campaign

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### What is Crowdfunding?

- Take campaign offline once goal reached
- Funds under control of Principal
- Comply with district policies and procedures

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### What is Crowdfunding?

- If fundraiser include hardware, software or web-based subscription purchases, must obtain prior approval form Chief Technology Officer
- If fundraiser includes land or building improvements, repairs or renovations, or new construction, must obtain approval from Superintendent and Coordinator of Operations

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### What is Crowdfunding?

- If fundraiser includes reward program, items received are property of HCS and inventory policies and procedures apply
- Checks should be made payable to the school, not the teacher
- All donations should be recorded by bookkeeper in accounting system at each school pictures, videos and images of students posted on website must comply with policies and procedures

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### How to Hire Professional Company

#### Hiring a Professional Fundraising Company

- Schedule interviews (how conduct campaign)<sup>2</sup>
  - Solicit by phone, email, door-to-door or combination
  - Solicit money only or sell products/tickets
  - Will subcontractors be used for any part of campaign
  - Will telephone calls be scripted
  - Will calls be recorded or monitored

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### How to Hire Professional Company

- **Hiring a Professional Fundraising Company**
- Ensure Data Security<sup>3</sup>
- Get bids
- Negotiate Transaction Fees (flat fee versus percentage of collections)<sup>5</sup> Negotiate Commission<sup>6</sup>
- Check referrals/background information<sup>1</sup>

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### How to Hire Professional Company

#### Hiring a Professional Fundraising Company

- Written Contract
- Explain services to be provided
- Explain financial responsibility of each party
- Authorize or prohibit use of subcontractors
- Identify compensation to be paid

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### How to Hire Professional Company

#### Hiring a Professional Fundraising Company

- Require review of all materials/scripts to be used<sup>1</sup>
- Specify contract period ☐ Require compliance with FTC's Telemarketing Sales Rules and applicable state laws<sup>2</sup>
- Outline cancellation criteria for both parties
- Require periodic financial reports<sup>3</sup>
- Specify ownership of donor lists

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## Crowdfunding-Examples

### Snap-Raise

- Specifically for schools and teachers
- Monetary Donations
- Agreement has to be signed

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## Crowdfunding - Examples

### Go Fund Me

- Fundraising by individuals, groups, organizations, etc.
- Monetary donations
- Directly connected to beneficiary's bank account
- Free Fundraising (0% platform fee)

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## Crowdfunding – Examples

### Donors Choose

- Specifically for schools and teachers
- Donations made to the site; items will be purchased for teacher/school

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### Crowdfunding – Examples

#### **AdoptAClassroom**

- Specifically for teachers
- Donations made to the site; items requested are purchased online by teacher and delivered to the school

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### Crowdfunding - Advantages

- Utilizes Technology
- Easily Accept Donations
- Share with Family & Friends via social media
- Companies partner with some sites with matching contributions
- Funds collected by third party; one-time payment made to school; keeps cash out of school
- Student safety

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### Crowdfunding - Disadvantages

- **Cost**
  - **Processing fees**
  - **Administrative fees**
  - **Best price for goods shipped?**

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### Crowdfunding - Disadvantages

- Fraud
  - Legitimate site
  - Is direct deposit allowed?
  - Are donor lists sold?

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### Crowdfunding – Best Practices

- Fundraiser Authorization Form<sup>1</sup>
  - If company used, submit form to bookkeeper 30 days prior to contract being signed<sup>2</sup>
- Report of Fund Raising Activity Form<sup>3</sup>
  - Tool for determining whether or not the fundraiser is worth doing again<sup>4</sup>

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### Crowdfunding – Best Practices

- Considered a Fund Raiser
- Fundraiser form has to be completed
- Fundraiser Analysis form has to be completed upon completion of fundraising efforts
- Prior Approval by Local School Principal
- CSFO signs all contracts
- Direct Deposit is not allowed

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### Crowdfunding – Best Practices

- Monies are receipted as public funds
- All items purchased are considered property of HCS's
- Crowdfunding sites must be monitored and taken down when event is completed
- Technology purchases must be approved by Chief Technology Officer
- Any land improvements must be approved by Superintendent
- All Board policies must be followed regarding posting student/staff videos or pictures

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### Crowdfunding – Best Practices

#### MySchoolFees

- Student or Public Payment
- Display "Important Information"<sup>1</sup>
- Sell One at a Time or Multiples<sup>2</sup>
- User Pays Full Amount or User Defines Payment<sup>3</sup>
- Date Constrained<sup>4</sup>
- Associate an Image with the Fee
- Associate Documents with the Fee<sup>5</sup>
- Email Payment Confirmation to Treasurer
- Multiple Reports<sup>6</sup>

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### Ethics Violation

#### • Section 36-25-5

##### Use of official position or office for personal gain

(a) No public official or public employee shall use or cause to be used his or her official position or office to obtain personal gain for himself or herself, or family member of the public employee or family member of the public official, or any business with which the person is associated unless the use and gain are otherwise specifically authorized by law. Personal gain is achieved when the public official, public employee, or a family member thereof receives, obtains, exerts control over, or otherwise converts to personal use the object constituting such personal gain.

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## Non-Compliance

- Strong controls allow for accountability to students, parents, employees, taxpayers, bondholders, vendors and regulatory bodies
- An *Acknowledgement of Non-Compliance Form* will be completed by the bookkeeper when a policy or procedure has not been properly followed
- Upon written request, the HCBOE is required to disclose financial records under The Freedom of Information Act. Because no one organization is immune from public scrutiny, it is important that we remain in compliance with all legislation, regulations and standards to ensure the accuracy and completeness of our records.

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## Consequences

- All receipts become public funds under the control of the Principal
- The Superintendent and/or Board have the authority to revoke an organizations ability to conduct activities in the district

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## Additional Resources

- Generally Accepted Accounting Principles
- Governmental Accounting Standards
- Code of Alabama
- Alabama Building Code
- Public Works Law
- Alabama Bid Law
- Alabama Ethics Law
- Alabama Immigration Law
- Child Nutrition Law
- Internal Revenue Service (IRS)

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### Contact Information

If at any time you have questions or concerns,  
please contact:

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