

July 20, 2011

The Honorable Presiding Judge Charles S. Crandall
Superior Court of California
1050 Monterey Street
San Luis Obispo, CA 93408

San Luis Obispo County Grand Jury
PO Box 4910
San Luis Obispo, CA 93402

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SLO COUNTY GRAND JURY

WMB

Dear Judge Crandall and Members of the Grand Jury:

It is the decision of the Board of Directors to dissolve the Paso Robles Bearcat Athletic Foundation. As per instructions from the California State Attorney General's office we are providing them with the information they require and will await a letter from their office which then will be included with form ELEC NP (Domestic Nonprofit Corporation Certificate of Election to Wind Up and Dissolve) and sent to the California Secretary of State's office to dissolve the Foundation. Foundation monies will be disbursed to the teams that raised them and no one on the Board of Directors or any other individual will receive any personal gain from this disillusionment.

Reaching this decision took a lot of reflection and thought on the part of those involved with the Foundation. It was not an easy decision but it was felt we could still support Paso Robles High School athletics via other channels such as Bearcat Boosters. Foundation members have always been unequivocal supporters of the high school and would do nothing to either damage its image or seek any individual gain from support efforts. The report from the Grand Jury supported those facts however; we feel that it would be best for the programs, the school, and for us if we removed any doubt that may occur in tight knit communities such as Paso Robles.

We appreciate the work that was done by the Grand Jury and find no fault with their investigation and findings. Our intent was sincere but, as we discovered, we did not handle the affairs of the Foundation as efficiently as we were capable of doing. This has been a good lesson for us and we will now refocus our efforts on continuing to support the high school athletic program through other existing channels.

Attached, as required in the Grand Jury report, you will find responses to the findings and recommendations – written in the format of “if we had continued”, but once again, to emphasize, we will NOT.

Sincerely,



Greig Welch, President
Paso Robles Bearcat Athletic Foundation
2263 Villa Dr.
Paso Robles, CA 93446

Paso Robles Bearcat Athletic Foundation

Response to Findings in San Luis Obispo County
Grand Jury Report of May 19, 2011

July 20, 2011

(Please note: These responses are written as if the Foundation would be continuing, which it is not)

1. The Foundation does not operate in accordance with the purposes and the corporate structure and requirements established by its Articles of Incorporation and Bylaws.

- a. The Foundation will refocus its efforts to "...to raise, gather and collect donations to be applied for the benefit of Paso Robles High School (PRHS) Interscholastic Athletic programs and facilities..." Specifically the emphasis shall be on (1) long term funding for facility improvement and upkeep of facilities, (2) look to alumni participation for existing fiscal support, and (3) not interfere or compete with existing support groups of booster clubs.
- b. Effective immediately the Foundation is no longer paying stipends or collecting money from high school athletes for summer programs. Summer programs and stipends will be run through the Paso Robles Joint Unified School District (PRJUSD) system and handled by their accounting department. The Paso Robles Joint Unified School District does not allow parent organizations or booster clubs to hire staff to perform services for the Paso Robles Joint Unified School District. If a booster or parent organization wishes to pay for additional and/or extracurricular services, the person to provide the services must be hired through the Personnel Department of the Paso Robles Joint Unified School District. The booster or parent organization will deposit such funds into a district account for the proposed expenses. The funds must be sufficient to pay for the actual services plus benefits due the employee.

Procedures:

- (1). A personnel requisition will be completed by the principal of the school receiving the services and submitted to the Business Department, which will verify deposit of the booster or parent organization donation and forward the requisition to the Personnel Department.
- (2). The employee will be hired through normal channels and be subject to all rules and regulations imposed by the Paso Robles Joint Unified School District Personnel Department and the state of California.
- (3). The employee is not authorized to perform services until after Board approval and district receipt of the donated funds.

(4). Hired personnel will be paid after the above procedure is completed and they have signed the required paperwork at the school site.

2. The Foundation files annual federal and state tax returns that accurately report its total revenues and expenses, but that do not accurately report its sources of revenue, its categories of expenses or the basis for its classification as a public charity.

a. The Foundation will continue to file federal and state tax returns in a timely manner. The returns will report sources of revenue, categories of expenses with an explanation for the classification to be considered a public charity.

3. The financial books and records of the Foundation: (1) do not consistently categorize its revenues and expenses by specific sport or activity; (2) are not structured in a manner that confirms revenues raised by specific sports are expended only for specific sports; and, (3) do not provide accurate or timely financial statements on a periodic basis.

a. A written report from the treasurer shall be provided to the board of directors and available to the public no later than 120 days at the end of each fiscal year. Annual budgets shall be adopted by the Board of Directors with monthly updates on income and expenditures. New accounting forms are in place that categorize revenues and expenses by specific activity and/or sport to which money was disbursed and for what purpose. Financial activity will be audited by an independent party on an annual basis to ensure this recommendation is being adhered to and all transactions are accurate.

4. The Foundation has not signed contracts for the use of PRHS athletic facilities and has not provided PRHS or the District the proof of liability insurance as required by District policy.

a. The Foundation will utilize proper district forms for using their facilities. District guidelines shall be adhered to as follows: "State law and Board Policy and Administrative Regulation 1330 regulate community programs on district property. A district *Use of Facility* form should generally be submitted one month before the intended activity with a *Certificate of Insurance* with bodily injury and property damage liability, and endorsing the district as additionally insured."

b. The Foundation will follow the guidelines established in the PRJUSD for support groups and liability coverage, which states: "The district requires parent organizations and booster clubs to provide proof of liability insurance in the minimum amount of \$1,000,000 combined single limit with the district named as an additional insured endorsement, and the parent organization/booster club named as the primary insured party for all parent organization/booster club events. This includes summer camps, and all recreational-sponsored programs by the parent organization/booster club. When using school facilities, the district

may, at its discretion, require a higher level of coverage based on the type of use requested, such as athletic activities and large events. If alcohol is sold or provided at a booster parent organization event, they need to have Liquor Legal Liability. A district may more effectively limit its exposure by adequately supervising and monitoring the activities of a school-connected organization.”

5. The Foundation Board has no written policies or procedures that regulate the types of fundraising activities that may be conducted by the Foundation; nor does the Board have a process for reviewing and approving fundraising activities.

- a. Any fundraising activity under the sponsorship of the Foundation must be approved by its Board of Directors. Approvals will be reflected in the minutes of regularly scheduled Board of Director meetings. The Foundation will follow the guidelines for fundraisers adopted by the Paso Robles Unified School District:

In accordance with Education Code Section 5152 1, programs, fundraisers or other activities sponsored by booster and parent organizations must be authorized and conducted according to local board policy, laws, and school rules. At the beginning of each school year, each booster and parent organization shall submit to the principal designee a list of the fundraising events that each organization proposes to hold that year. The principal designee shall review the proposed events and determine whether the events are in conflict with or detract from the school's educational program.

The following are guidelines for booster parent organizations' fundraising activities within the Paso Robles Joint Unified School District:

- (1.) Use of the district's/schools' names in fundraising activities should be approved by the school principal designee and will comply with district policies and state law.
- (2.) Students shall not be involved in fundraising activities except as volunteers for the booster parent organization.
- (3.) Penal Code Sections 320 and 320.5 authorize, under defined circumstances, eligible organizations to conduct raffles *which require the payment of a fee* for a chance to win a prize. Raffles may include events like 50150 raffles, donation drawings, cow chip bingo, etc.
- (4.) All booster parent organization funds are collected and maintained by the organization. The district's tax identification number cannot and will not be used. No booster parent organization funds shall be kept in ASB accounts.
- (5.) Alcohol, weapons, ammunition, and all other items prohibited on school grounds in accordance with Education Code Section 48900, are not to be sold at school for fundraisers.
- (6.) The district does not allow door-to-door requests for cash donations by students.

7. The Foundation has conducted some student fundraising activities that might more appropriately be conducted through ASB.

A. Future fundraising activities will be in line with the "Definitions" provided in the PRJUSD Guidelines for Booster Groups. They are stated as follows: Associated Student Body (ASB) organizations are composed of students for the purpose of conducting activities on behalf of students. Education Code Section 48930 defines the purpose of an ASB organization as "the conduct of activities on behalf of the students approved by the school authorities and not in conflict with the authority and responsibility of the public school officials." As such, ASB groups have been given the authority to conduct fundraisers and to spend money for the benefit of students. All activities and fundraising events that involve the primary participation of students should be conducted through the ASB. The finance office, along with the advisors/coaches and students must follow the procedures as set by the ASB. These procedures cover all student performances or events for which gate receipts or honorariums are received, all student-conducted fundraisers, all collections from students of funds in relation to district-sanctioned student events, programs, and activities. These fundraising activities are primarily on campus.

Booster Clubs and Parent Organizations

Booster and parent organizations are composed of parents, community members, and staff members coming together for the purpose of supporting specific school activities for the benefit of students such as scholastic programs, athletic teams, drama, art, and musical programs. The most formal parent support group is the National Parent Teachers Association (PTA). The California State PTA publishes governance, fundraising, and financial guidance for members on its website: www.capta.org. Such groups are commonly referred to as *school-connected* organizations. They are important means of connecting parents and other community members with the curricular and co-curricular activities of students, and the PRJUSD Board welcomes and encourages parental interest and participation.

Booster and parent organizations are separate from schools with which they are associated, and are not governed by PRJUSD. However, booster and parent organizations do not have free access to schools and their students. The school district governing board and administration have, and must maintain, exclusive control and management of its public school system. Education Code Sections 5 1520 and 5152.1 require that any school-connected organization and/or activity be one that is authorized by law and permitted by board policy.

In addition, Education Code Section 5 1520 prohibits the solicitation of pupils by outside organizations on school property during school hours. Solicitation is defined as "to subscribe or contribute to the funds of, to become members of, or to work for any organization not directly under the control of the school authorities." A clear separation of responsibilities between the ASB and the various booster and parent organizations must be maintained.

All activities and fundraising events that involve the primary participation of students should be conducted through the ASB. This would include all student events for which gate receipts or honorariums are received, all student-conducted fundraisers, all collections from students of funds in relation to district-sanctioned student events, programs, and activities.

Booster parent organizations should serve as auxiliaries to the school program and should conduct activities and fundraising events involving the primary participation of parents and other adult community members. Funds raised by booster parent organizations are to be used to support programs; however, no student will be required to raise funds in order to participate in school programs and events. Booster parent organization funds so raised should then be donated to the district for specific purposes, such as the purchase of specific items of equipment, or to provide financial assistance to students with need in relation to participation in events, programs, or activities. This is the preferred method. However, if particular items are purchased by the booster parent organization, these items must then be donated to the school for use by the designated group in accordance with district policies and procedures. Booster parent organization funds will not be commingled with the student body funds. The school district's tax-exempt status and identification numbers are not for booster parent organization use. Booster parent organizations are responsible for their own tax status and accounting. All booster parent organization tax I.D. numbers must be on file with the Paso Robles Joint Unified School District Business Office.

8. The Foundation operates with a lack of transparency: minimal publicity, no website, no publications bearing its name, and no mention in PRHS or District publications or websites.

A. The Foundation will establish a web page, keep it up to date, have it linked to the web page of the school district so that is easier to locate and access.

Paso Robles Bearcat Athletic Foundation

Response to Recommendations in San Luis Obispo County
Grand Jury Report of May 19, 2011

July 20, 2011

(Please note: These responses are written as if the Foundation would be continuing, which it is not)

1. The Foundation should review and revise its Articles of Incorporation and the Bylaws to reflect the manner in which it actually operates. (Finding 1)

A. A revised copy of the Articles of Incorporation and the Foundation Bylaws will be presented at the next Board Meeting for adoption by the Board of Directors.

2. The Foundation should hold regular Board meetings, maintain minutes of such meetings and make the minutes accessible to interested parties. (Finding 1)

A. Board meetings shall be held quarterly during the fiscal year. Minutes shall be kept on file and published on the Foundation web page so they are accessible to any interested party.

3. The Foundation should review its tax returns and financial records and determine what, if any, revisions and/or modifications are necessary to: (1) accurately reflect its sources of revenue and types of expenditures, and (2) properly state the basis for its classification as a public charity. (Finding 2)

A. Updated and revised tax returns shall be filed in the near future. Additionally an independent audit shall be held of the Foundation's financial transactions with findings provided to the Board of Directors and posted on the Foundation web page.

4. The Foundation should implement a financial recordkeeping system that: (1) categorizes revenues and expenses by sport or other activities; (2) confirms whether or not revenues generated for a specific sport are used solely to fund expenditures in support of that sport; and, (3) generates accurate and timely monthly and year-end financial statements.(Finding 3)

A. Budget accounting forms utilized by the Foundation will be revised to demonstrate categorization of revenue and expenses by sport or other activity and show any revenue generated by a specific sport or activity is being used to solely support that sport or activity. Financial information shall be provided to the Board of Directors and other interested parties on a monthly and year end basis.

5. The Foundation should provide the District and/or PRHS with evidence it carries the \$1,000,000 liability insurance required to use PRHS athletic facilities or secure a contract with the school board that exempts it from this policy. (Finding 4)

A. A One Million Dollar liability insurance policy will be obtained by the Foundation.

6. The District should develop and implement policies and procedures that specify the types of fundraising activities in which the Foundation may engage. (Findings 5, 6, and 7)

A. Please refer to the recently approved PRJUSD Guidelines for Booster Groups

7. The District should provide for review and oversight of these fundraising activities by the District or its designee. (Findings 5, 6, and 7)

A. Please refer to the recently approved PRJUSD Guidelines for Booster Groups

8. The Foundation should establish a public information program that fully explains its purposes, describes its activities, sources of revenue and expenditures, and presents information about its Board. (Finding 8)

A. The Foundation will establish a web page, keep it up to date, have it linked to the web page of the school district so that is easier to locate and access.