



# **Spring Branch ISD**

## **PTA/Booster Club Financial Guidelines**

# PTA/Booster Club Guidelines

## Table of Contents

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### SECTION 1: WELCOME

<b>SBISD Mission</b> .....	2
<b>Introduction</b> .....	3
<b>Links to Applicable SBISD Policies</b> .....	4

### SECTION 2: OVERVIEW OF BOOSTER CLUB

<b>Contact List and Resources</b> .....	6
<b>Overview of Forming a Booster Club</b> .....	7
<b>Booster Club Registration Approval Form</b> .....	8
<b>Forming a Booster Club</b> .....	9
<b>Steering Committee</b> .....	11
<b>Bylaws of Corporation</b> .....	12
<b>Bylaws of Corporation Example</b> .....	13
<b>Obtaining an Employer Identification Number</b> .....	19
<b>Obtaining a Texas Sales and Use Sales Tax Permit</b> .....	19
<b>Public 501(c)(3) Tax Exempt Status</b> .....	19
<b>Texas Sales and Franchise Tax Exempt</b> .....	21

### SECTION 3: FINANCIAL GUIDELINES

<b>Booster Club Checklist</b> .....	23
<b>Financial Responsibilities</b>	
Accounting Controls and Procedures .....	24
Bank Accounts .....	25
Carry-Over Balances .....	25
Collections for Specific Individuals and Families .....	25
Conflict of Interest .....	25
Contributions / Donations .....	26
Corporation Reporting .....	26
Expenses .....	26
Financial Aid Guidelines .....	27
Financial Report .....	27
Review Report .....	27
IRS .....	30
IRS Reinstatement of 501 (c)(3) Tax-Exempt Status .....	30

Mailing Address.....	30
Members .....	30
Membership Dues .....	31
Money Handling Procedures.....	31
Paying and Reporting of Workers.....	32
Safes.....	32
Collecting and Remitting Texas Sales Tax When Fund Raising .....	33
Suspending a Booster Club.....	33
<b>Forms</b>	
Financial Reports .....	
Example – Cash Basis Financial Report .....	34
Example – Balance Sheet.....	35
Example – Income Statement.....	36
Review Reports.....	
Example – Review Committee Report, Proper and Correct .....	37
Example – Review Committee Report, Proper and Correct with Immaterial Exceptions.....	38
Example – Review Committee Report, with Material Exceptions.....	39-
40	

## SECTION 4: FUNDRAISING GUIDELINES

<b>Fundraiser Guidelines</b> .....	42
<b>Forms and Reports</b>	
Fundraising Activity Report - Permission Request .....	43
Fundraising Activity Report - Operating Report.....	44

## SECTION 5: PURCHASING, VENDOR CONTRACTS AND LIABILITY INSURANCE

<b>Overview</b> .....	46
<b>Capital Equipment</b> .....	46

# **SECTION 1**

**WELCOME**

# SBISD Mission

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## Our Values: The Spring Branch Way

At the heart of SBISD's mission is a core set of shared values that serve to ground and enliven our **collective identity** and **strengthen our commitment** to our mission as educational leaders. The foundation of success, for our students and our school system, is rooted in our core values and these values define the Spring Branch Way.

How we hire, train and develop our greatest resource - our educators - and how those educators deliver on our District promise is defined by the following

### SBISD core values:

- **Every Child** - We put students at the heart of everything we do.
- **Collective Greatness** - We, as a community, leverage our individual strengths to reach challenging goals.
- **Collaborative Spirit** - We believe in each other and find joy in our work.
- **Limitless Curiosity** - We never stop learning and growing.
- **Moral Compass** - We are guided by strong character, ethics and integrity.

Our hope is that **every member** of the Spring Branch family - educators, parents, students and community members - will adopt and share this set of values as we work to best serve students on their educational journey.

### Inspiring minds. Shaping lives.

In SBISD our promise to our entire community is to **inspire minds** and **shape lives by:**

- **improving academic performance of all students,**
- **graduating all high school students, and**
- **preparing all students with the qualifications and skills necessary to enter college or post-secondary training and exit successfully.**

### Our Goal: Spring Branch T-2-4

Graduation is not enough.

In Spring Branch ISD we're shaping how success after high school is defined and achieved. The Spring Branch Plan 2012-2017 is the District's five year academic plan to increase **student achievement** and **develop a culture of high expectations** for all students. The plan's strategic imperative or goal, known as **Spring Branch T-2-4**, challenges the system to double the number of students completing a technical certificate or military training, two-year or four-year degree by 2017.

## Introduction

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Parent Teacher Associations (PTA) and booster clubs enrich the education and activities of students through cooperation of parents and Spring Branch ISD (District) staff in providing support to schools and student groups.

Booster clubs are separate legal entities from the District. However, their activities impact the District and the public perception of the District. Accordingly, the District has implemented policy and procedure that regulates these organizations.

Local PTA chapters are formed and operate under the direction of the Texas PTA <http://www.txpta.org/>. In addition Spring Branch ISD local PTA chapters work with the Spring Branch Council of PTA's <http://www.sbisdcpta.net/>. The Texas and Spring Branch PTA are primary sources of information regarding forming and operating a local PTA chapter. The information in Section 2 of these Guidelines is not applicable to PTA and the information in Sections 3 - 6 is supplemental to Texas PTA guidelines. Therefore this manual will be addressed to booster clubs with PTA included in this description where applicable.

The main responsibilities of a booster club, a sponsor, and a principal are discussed below:

**Booster club** - A booster club is responsible for supporting a student group, activity, or program at a high school. Support may be as simple as providing refreshments for a particular event or as complex as raising money for an out-of-state competition. The booster club works with the principal and sponsor to provide assistance for the planned activities. However, the booster club does not have the authority to decide the activities or trips in which the students will participate. The parents and the booster club may provide suggestions about particular activities, but the principal and sponsor will make a decision.

**Principal** - The principal approves the formation of a booster club. The principal monitors activities of the booster club and may approve or decline fund raising activities of the booster club. The principal or a designee will attend all booster club board meetings.

**Sponsor** – The principal may work with a designee in monitoring a booster club. For high school athletic booster clubs the designee will be the campus Athletic Director. For academic booster clubs the faculty sponsor of the student group will typically serve as the designee. The sponsor is responsible for determining the various activities and trips in which the student group will participate with the approval of the principal. In addition, the sponsor should work closely with the booster club and provide guidance to the organization regarding compliance with District policy and procedure. The sponsor should not be an officer or member of the booster club.

Each booster club must meet UIL as well as State and Federal regulatory obligations in order to remain in good standing. Therefore the District encourages booster clubs to obtain competent independent counsel on legal, accounting, and tax matters related to its specific circumstances. This counsel may come from a Certified Public Accountant (CPA) or an attorney. This Spring Branch ISD PTA/Booster Club Financial Guidelines document is not legal, accounting, and tax advice.

Booster club officers are solely responsible for ensuring that their organization is in compliance with applicable UIL, state and federal regulations. Therefore, the District, including any District employee, is not responsible for a booster club not being in good standing with applicable state and federal agencies.

The District greatly appreciates the time, effort, and financial support that booster clubs provide to our students, staff, and schools.

## Links to Applicable District Policies

*Please copy and paste the links inside the browser window.*

GE (Legal) Policy - Relations with Parent Organizations

<https://pol.tasb.org/Policy/Code/599?filter=GE>

GE (Local) Policy - Relations with Parent Organizations

<https://pol.tasb.org/Policy/Code/599?filter=GE>

GF (Legal) Policy - Public Complaints

<https://pol.tasb.org/Policy/Code/599?filter=GF>

GF (Local) Policy - Public Complaints

<https://pol.tasb.org/Policy/Code/599?filter=GF>

GKD (Regulation) - Community Relations, Nonschool Use of School Facilities

[https://resources.finalseite.net/images/v1522836712/springbranchisdcom/qfghwyqqyq3kaqd4cxf/GKDR  
EGULATION.pdf](https://resources.finalseite.net/images/v1522836712/springbranchisdcom/qfghwyqqyq3kaqd4cxf/GKDR<br/>EGULATION.pdf)

GKD (Legal) - Community Relations, Nonschool Use of School Facilities

<https://pol.tasb.org/Policy/Code/599?filter=GKD>

GKD (Local) - Community Relations, Nonschool Use of School Facilities

<https://pol.tasb.org/Policy/Code/599?filter=GKD>

GKD (Exhibit) - Community Relations, Nonschool Use of School Facilities

[https://resources.finalseite.net/images/v1522836719/springbranchisdcom/zpwyjhgurwmcnfwaiisi/GKDXHIB  
IT.pdf](https://resources.finalseite.net/images/v1522836719/springbranchisdcom/zpwyjhgurwmcnfwaiisi/GKDXHIB<br/>IT.pdf)

## **SECTION 2**

# **OVERVIEW OF BOOSTER CLUB**

## Contact List and Resources

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### SBISD Administration

*Please copy and paste the links inside the browser window.*

SBISD Finance - David Bender, Controller, [david.bender@springbranchisd.com](mailto:david.bender@springbranchisd.com), 713-251-2226

SBISD Administration – Jerona Williams, [Jerona.Williams@springbranchisd.com](mailto:Jerona.Williams@springbranchisd.com), 713-251-2251

### State of Texas

Incorporation: Secretary of State, [www.sos.state.tx.us](http://www.sos.state.tx.us), 512-463-5555

Nonprofit Organizations: Secretary of State, [https://www.sos.state.tx.us/corp/nonprofit\\_org.shtml](https://www.sos.state.tx.us/corp/nonprofit_org.shtml),

Sales Tax (Sales Tax Permit, Sales Tax Exemption, Sales Tax Reports, and Franchise Tax):

Texas Comptroller's Office, Exempt Organizations Department

<https://comptroller.texas.gov/taxes/exempt/>

1-800-531-5441

### Federal Contacts

<https://www.irs.gov/charities-non-profits>

1-877-829-5500

### PTA

Texas PTA website - <http://www.txpta.org/>; Spring Branch Council of PTAs - <http://www.sbisdcpta.net/>

### Resources

UIL Booster Guide - <https://www.uiltexas.org/files/booster-guide.pdf>

Texas Nonprofit Resources

[Texas Association of Nonprofit Organizations](#): A gathering place for all nonprofits within the state of Texas.

[OneStar Foundation](#) - OneStar promotes service and volunteerism, forges effective public and private partnerships, and works to increase the performance of non-profit organizations.

## Overview of Forming a Booster club

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To assist schools and students in the District, parents will form organizations that raise money to enhance a school or student group. A PTA may be formed for the overall support of any school. At the high schools, parents may form a booster club to support specific types of student activities.

Booster clubs provide an important support function to schools / student groups. However, they also require a strong commitment from members to work properly. Therefore, deciding whether or not to form a booster club is a difficult decision that requires careful consideration of the pros and cons.

Parents interested in forming a booster club should discuss the pros, the cons, and the responsibilities of having a booster club with each other as well as the principal / sponsor of the student group. The principal must approve, in writing, the formation of a booster club before the organization takes any further action to create a unique identity.

Parents do not have to form a booster club to support a school / student group. Parents may participate in fundraisers administered by the campus or District. The money raised is accounted for in a District student activity fund used exclusively for the benefit of the respective school or student group that did the fund raising. The District is responsible for all of the accounting and legal responsibilities of these funds.

The following are some questions to consider when deciding whether or not to form a booster club:

- What can a booster club accomplish that cannot be achieved through the school / District activity fund?
- Do I have time to commit to a booster club?
- Are there enough parents with time to commit to a booster club, both in the current year and in years to come?
- Am I willing to perform the necessary research, training, and paperwork to be in compliance with all District, UIL, State, and Federal regulations? (This includes submitting required information to the Texas Comptroller's Office and the IRS.)
- Have I read or will I read the rest of these PTA / booster club guidelines to discover my responsibilities once a booster club is formed?
- Have I spoken with other booster clubs to determine what benefits / problems they have experienced?
- Have I spoken with the principal / sponsor to obtain support for the formation of a booster club?

Once you have decided to form a PTA or booster club, obtain the written approval of the principal before proceeding with any other steps (see Booster Club Registration & Approval Form on the following page). Save a copy of the executed form with the booster club permanent documents.

**Spring Branch Independent School District  
Booster Club Registration & Approval Form**

**To:** \_\_\_\_\_  
(Principal's Name)

**Location:** \_\_\_\_\_  
(School's or Department's Name)

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

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

School / Student Group to be Supported: \_\_\_\_\_

Faculty Sponsor for Booster Club: \_\_\_\_\_

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

I agree with the following statements:

- I have read the PTA / Booster Club Guidelines and agree to comply with all information included or referenced in the guidelines.
- I understand that noncompliance with any District policy or procedure may result in the suspending or disbanding of the booster club by the principal.
- I have included a current list of proposed officers with names, titles, mailing addresses, phone numbers, and e-mail addresses.

**Submitted by Prospective Officers:**

	_____ / /		
(President/Representative #1)	Date	Name	Signature

	_____ / /		
(Treasurer/Representative #2)	Date	Name	Signature

**Approved / Declined by:**

Booster Club Approved

Booster Club Declined

		_____ / /
(Principal's Name)	(Principal's Signature)	Date

The original form should be sent to a representative of the booster club. The principal should keep a copy and provide copies to the sponsor when applicable.

## Forming a Booster Club

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After receiving written approval to form a booster club, complete the following necessary steps to establish the organization.

1. Establish a booster club Steering Committee to setup the organization. (Members of the steering committee cannot be considered as booster club officers until they are elected at a general membership meeting.)
2. Determine official mailing address of the booster club. If your address changes you will need to update your address with the District, the Texas Secretary of State, the Texas Comptroller's Office, the IRS, and your bank.

We recommend that a post office box (PO Box) or private mailing box (PMB) be used as the official mailing address. The address and box keys can be given easily to the new officers at the beginning of each school year.

The District allows, but does not recommend, use of the school's address as the booster club's official address. The booster club may not receive mail timely when the school is closed (i.e., summer vacation and holidays).

Do not use an officer's home addresses as the booster club official mailing address.

3. Draft and approve articles of incorporation and bylaws. The Steering Committee may approve the articles and bylaws to allow the group to proceed with applying for incorporation with the State and applying for tax exemption with the IRS.
4. File for incorporation with the Texas Secretary of State by completing [Form 202 \(Certificate of Formation Nonprofit Corporation\)](#) and submitting it to the Texas Secretary of State. Please read the following: 1. [Forming a Nonprofit Tax-Exempt Corporation in Texas](#), 2. [Texas C-Bar nonprofit eligibility requirements for Pro Bono Legal Referral Program information](#). As a corporation, individuals governing and operating a nonprofit organization realize certain limitations to their personal liability.

On the certificate of formation, the name and address of the corporation's registered agent and office must be provided. A registered agent and office is usually the principal or sponsor at the school's address. The registered agent serves as a contact person for the corporation.

You should receive a copy of your certificate of formation from the Texas Secretary of State stamped with the date considered the beginning date of the nonprofit corporation.

5. A membership drive should occur to let parents know about the booster club and when the first membership meeting will be held. At the first meeting, have the general membership approve establishing the booster club. Then the general membership should approve the booster club articles and bylaws that were approved by the Steering Committee including any revisions needed. Thereafter elect officers in accordance with the bylaws.

6. Apply for an [Employer Identification Number \(EIN\) with the IRS](#).

The EIN can be requested prior to the first membership meeting if the booster club bank account needs to be opened at an earlier time.

7. After receiving an EIN, the booster club can open a bank account. If the bank account is opened prior to the election of officers, the Steering Committee members may be signers on the account. Do not obtain a debit card. If the bank provides a debit card, do not use the debit card for expenses.
8. Apply for federal tax exemption as a public 501(c)(3) organization with the IRS. The IRS provides information, explanations, guides, forms, and publications about forming a 501(c)(3), please see [Life Cycle of a Public Charity](#) information on the IRS website.
9. Receive a Letter of Acknowledgement from the IRS indicating receipt of your application and payment.
10. Correspond with the IRS if your bylaws need to be modified or if the IRS needs additional information to complete your approval process.
11. Receive a Determination Letter (approximately 4-6 months later) stating you are a public 501(c)(3) tax-exempt organization.
12. Booster clubs – Apply for an exemption from Texas sales tax, hotel occupancy tax, and franchise tax by completing [AP-204 for Federal Exemptions and all others](#).
13. Put all of the documents related to these steps in a “Permanent File” in a safe place to be forwarded to the new officers each year. Create backup copies of all the documents to ensure that the information is safeguarded.

## Steering Committee

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Use a steering committee to facilitate the formation of a new booster club. The steering committee should be comprised of the sponsor (teacher) and several parents who have children that participate or will be participating in the school activity for which the booster club is being formed.

The steering committee may:

- Draft and approve bylaws.
- Have a membership drive.
- Promote volunteer recruitment.
- Recruit a slate of proposed officers.
- Draft a preliminary budget.
- Hold the first general membership meeting to re-approve the bylaws and elect the officers.

During the membership drive and prior to the general membership meeting, have the bylaws and slate of proposed officers made available for public viewing for a reasonable time period.

### **Membership**

Membership is open to individuals that are parents, guardians, step-parents, or grandparents of a student active in the sponsored program and that are current in their dues. Other individuals may volunteer for the booster club, but cannot vote or hold an office. Only active members should have the ability to vote or hold an office. "Members" should be defined in the booster club bylaws.

### **Membership Dues**

Booster clubs may charge dues to their members; however, parents and teachers do not have to be members of the booster club for their children or students to receive benefits from booster club activities. The dues amount should be voted on by the booster club board.

## Bylaws of Corporation

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Bylaws are the governing document for the booster club. They outline the philosophy, structure, and general procedures of the organization. The bylaws are formulated as a series of “articles,” each dealing with one aspect of the outline.

Each PTA’s / booster club’s bylaws should specify:

- **Name of Organization**
- **Purpose:** define the charitable purpose of the corporation. The nonprofit needs to make sure the purposes clause is not so narrow that it unduly limits the nonprofit’s activities, and not so broad that it prevents the nonprofit from obtaining 501(c)(3) exemption from the IRS.
- **Meetings:** the frequency and place of meetings, the type of notice required, and whether directors may vote by written proxy.
- **Leadership:** the titles and specific responsibilities of the officers, qualifications for directors, the number of directors, the length of terms for the directors and officers, and the method for electing and removing directors and officers. The corporation must have a president, treasurer, and secretary.
- **Provisions for Membership:** qualifications for membership, method of selection, dues and fees, voting rights, and the frequency and place of membership meetings.
- **Quorum:** the number of members or directors required for a quorum to conduct business, and the proportion of votes required to take action on a matter.
- **Financial Policies / Controls:** the signatures required for execution of legal documents, signatures required for checks, accounting method (i.e., cash or accrual), and number of authorized signers on the bank account, and other controls over financial transactions and transfers of corporate assets.
- **Committees:** the types of committees, responsibilities of committees, and qualifications for serving on a committee.
- **Fiscal Year:** the accounting period of the corporations; which need not be the calendar year. The District recommends a June 30 fiscal year end?
- **IRS Language:** as required
- **Bylaw Amendments:** the procedures for amending the bylaws. Amendments may be adopted by the Board, but in most cases they require a two-thirds vote of the members at a general meeting. Prior notice of the proposed amendment is always required, either at the previous meeting or at least a certain number of days before the vote. A committee may be appointed to write a revised set of bylaws. This usually requires a vote at a general meeting, but may also be allowed by a two-thirds vote of the Board. Requirements for adopting the revised set of bylaws should be the same as for an amendment.

**XYZ SCHOOL PARENT ORGANIZATION, INC.  
BYLAWS OF CORPORATION**

**ARTICLE I – NAME**

- 1.1 **Name.** The name of this corporation is XYZ SCHOOL PARENT ORGANIZATION, INC. ("Corporation").

**ARTICLE II – PURPOSE**

- 2.1 **Purposes.** The Corporation is a nonprofit corporation organized exclusively for charitable and educational purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code of 1986, or the corresponding section of any future federal tax code.

The purpose of this Corporation is to assist the directors of the XYZ School Parent Organization in providing financial support to XYZ School / student activity at XYZ School. It shall provide financial support to the school as deemed necessary by the Booster club and provide assistance for student and staff activities.

**ARTICLE III**

- 3.1 **Principal Office.** The place in this state where the principal office of the Corporation is to be located is the City of Houston, Harris County, Texas.
- 3.2 **Registered Office and Registered Agent.** The name of the initial registered agent at the office is Mark White (School Principal). The street address of the Corporation's initial registered office is 4548 XYZ Street, Houston, Harris County, Texas.

The Corporation shall have and contiguously maintain in the State of Texas a registered agent whose office is identical with such registered office, as required by the Texas Business Organizations Code. The registered office may be, but need not be identical with the principal office of the Corporation, and the address of the registered office may be changed from time to time by the Board of Directors.

**ARTICLE IV**

- 4.1 **Administration.** The Purposes of the Corporation shall be carried out through conferences, committees and projects. The Corporation shall not seek to direct the administrative activities of the school or to control their policies.
- 4.2 **Non-Commercial.** The Corporation shall be non-commercial, non-sectarian and nonpartisan. No commercial enterprise or any candidates shall be endorsed by it. The name of the Corporation or its officers in their official capacities shall not be used in any connection with a commercial concern or with any partisan interest or for any purpose other than the regular work of the Corporation.

## ARTICLE V – MEMBERSHIP

- 5.1 **Membership.** The Corporation will have no members. The Corporation may, nevertheless, use the term "Members" to designate those persons having such privileges and status as the Board of Directors may determine.

Membership becomes automatic upon payment of dues. The \$20 membership dues are payable at the beginning of each school year. However, to have voting rights in the organization, the parent must have a student that is currently active in the program. Anyone else may be a member, but only as a volunteer without voting rights.

## ARTICLE VI

- 6.1 **General Powers.** The affairs of the Corporation shall be managed by its Board of Directors.
- 6.2 **Number and Qualifications.** The Board of Directors shall consist of the individuals who hold the offices of President, Vice President, Treasurer and Secretary of the Corporation. The initial Members of the Board of Directors are as follows:

<u>NAME</u>	<u>OFFICE</u>	<u>ADDRESS</u>
Joe Smith	President	222 Some Road, Houston, TX 77777
Jane Doe	Vice President	724 Aroad Avenue, Houston, TX 77777
John Black	Treasurer	345 Another Avenue, Houston, TX 77777
Mary Smith	Secretary	889 Deadend Road, Houston, TX 77777

The number of directors may be increased or decreased by amending the Bylaws. The number of directors may not be decreased to fewer than three.

- 6.3 **Duties.** The duties of the Board of Directors shall be to transact necessary business with integrity and in an ethical manner.
- 6.4 **Meetings.** Regular meetings of the Corporation shall be held monthly in a designated location as deemed by the Board of Directors. Notices of such meetings shall be e-mailed or mailed to all members at their addresses as they appear in the membership roll book at least five (5) days before the scheduled date. Proxies are not allowed.
- 6.5 **Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the directors are present at the meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.
- 6.6 **Manner of Acting.** The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these bylaws.
- 6.7 **Resolutions.** No resolutions may be adopted except by the Board of Directors.
- 6.8 **Informal Action by Directors.** Any action required by law to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors,

may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors.

- 6.9 Dissolution.** Upon the dissolution of the Corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.
- 6.10 Restrictions & Requirements.** No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Two hereof. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code. The Corporation may not take any action prohibited by the Texas Business Organizations Code.

## ARTICLE VII – OFFICERS

- 7.1 Officers.** The officers of the Corporation shall be a President, Vice President, Secretary and Treasurer. The organization must have a President and Treasurer. One person cannot do both responsibilities. No spouses or family members can hold position of President and Treasurer at one time. Officers shall take office at the first regular meeting and serve for a term of one year or until their successors are installed. All records and information shall be provided to the new officers at the beginning of their term.
- 7.2 Designation of Officers.** The officers of the Corporation shall be elected annually at the last regular meeting of the school year. Each officer shall hold office until his successor shall have been duly elected and shall have been qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.
- 7.3 Vacancies.** Vacancies occurring during the term of office shall be filled by the Board of Directors.
- 7.4 Removal from Office.** If an officer is not fulfilling the duties or is violating school or Booster club Policy, they may be removed from office. The Principal and / or the Board of Directors may approve the removal of an officer.

- 7.5 **Compensation.** All officers are volunteers, and none are paid any compensation for services performed.

## ARTICLE VIII – DUTIES OF OFFICERS

- 8.1 **President.** The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He or she shall preside at all meetings of the Corporation, the Board of Directors, and shall be ex officio member of all committees. He or she may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board of Directors, any contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws or by statute to some other officer or agent of the Corporation; and in general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.
- 8.2 **Vice President.** In the absence of the President or in the event of his or her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President.
- 8.3 **Treasurer.** The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with these bylaws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors. The Treasurer shall present a statement of account at every meeting of the Corporation and at other times when requested by the Board of Directors and shall make a report at the Spring and Fall meetings. The Treasurer's books shall be subject to audit annually by a committee of three members appointed by the President at the spring meeting. The Treasurer's books shall be closed by June 30 of the fiscal year (end of the fiscal year).
- 8.4 **Secretary.** The Secretary shall keep the minutes of the meetings of the members of the Board of Directors in one or more books provided for that purpose; give all notices in accordance with the provisions of these bylaws or as required by law; be custodian of the corporate records; keep a register of the address of each member which shall be furnished to the Secretary by each member; and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

## ARTICLE IX – COMMITTEES

- 9.1 **Executive Committee.** The Executive Committee shall consist of the officers of the booster club. Its duties shall be to transact necessary business between club meetings and such other business as may be referred to it by the organization; to approve the plans of work of the standing committee chairpersons; and to present reports at the regular meetings. Special meetings of the Executive Committee may be called by the President or by a majority of the committee's members.
- 9.2 **Standing Committees.** There shall be such standing committees created by the Executive Committee as may be required to promote the objectives and purposes of the organization. The

chair persons of the standing committees shall be appointed or selected by the newly elected Executive Board. Their term of office shall be for one year.

The PTA's / booster club's current standing committees are: fine arts, fundraising, webmaster, and field day.

## ARTICLE X –FINANCIAL INFORMATION

- 10.1 Budget.** A budget shall be prepared at the beginning of each fiscal year and approved at a general membership meeting. Any amendments to the budget shall be approved by the Board of Directors.
- 10.2 Checks and Drafts.** All checks, drafts, or orders for the payment of money, notes- or other evidences of indebtedness issued in the name of the Corporation shall be signed by the Board President and Treasurer. The Corporation should have one back-up signer in the event one of the regular signers is not available.
- 10.3 Deposits.** All funds of the Corporation shall be deposited in a timely manner to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.
- 10.4 Books and Records.** The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Corporation may be inspected by any member or his or her agent or attorney for any proper purpose at any reasonable time. All books and records must be provided to the succeeding members at the time of their election.
- 10.5 Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of July and end on the last day in June.
- 10.6 Annual Returns.** The Corporation shall submit an annual return to the IRS (990, 990-N, 990-EZ.)
- 10.7 Sales Tax Report.** The Corporation shall submit an annual sales tax report to the Texas Comptroller's Office.
- 10.8 Financial Report.** The Corporation shall submit an Annual Financial Report to the Principal, the Sponsor.
- 10.9 Fundraising.** All fundraisers require the approval of the Principal.

**ARTICLE XI – MISCELLANEOUS**

- 11.1 **Conflict of Interest Policy.** The Board of Directors shall avoid any conflict between their personal interests and the interest of the Corporation. The Board of Directors shall avoid actual conflicts of interest and the appearance of conflicts of interest. The Board of Directors shall perform the day-to-day duties with integrity and in an ethical manner.
- 11.2 **Contracts.** The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these bylaws, to enter into contract or execute and deliver any instrument in name of and on behalf of the Corporation. Such authority may be general or confined to specific instances. All expenditures must be approved by the Board of Directors before they are made.
- 11.3 **Donations.** The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation.

**ARTICLE XII – SPECIAL PROVISIONS**

- 12.1 **Funds.** At the close of the fiscal year, the Corporation shall remit \$2,500 for the succeeding booster club.

**ARTICLE XIII – AMENDMENTS**

- 13.1 **Amendments.** These bylaws may be amended at any regular or special meeting of the Board of Directors by a two-thirds vote of the members present and voting, following notices of the proposed amendment at a previous regular or special meeting of the Board of Directors.

**ARTICLE XIV – RULES OF ORDER**

- 14.1 **Rules of Order.** Except as provided in these bylaws, the rules contained in Roberts Rules of Order Newly Revised shall govern the Corporation’s operation.

**ADOPTION OF BYLAWS**

The undersigned a majority of whom are citizens of the United States and over the age of 18; desiring to form a Non-Profit Corporation under the Texas Business Organizations Code, do hereby approve to adopt the above stated bylaws of XYZ School Parent Organization, Inc., this day and year shown below.

Dated: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
\_\_\_\_\_   
Joe Smith, President

Dated: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
\_\_\_\_\_   
Jane Doe, Vice President

Dated: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
\_\_\_\_\_   
John Black, Treasurer

Dated: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
\_\_\_\_\_   
Mary Smith, Secretary

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## Obtaining an Employer Identification Number

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Every organization must have an employer identification number (EIN), even if it will not have employees. The EIN is a unique number that identifies the organization to the IRS.

Since booster clubs are separate entities from the District, booster clubs cannot use the District's EIN.

An organization is not automatically considered tax-exempt by acquiring an EIN. All organizations must first apply for an EIN to be recognized as a unique entity and then apply for tax-exempt status. Likewise, the mere fact that an entity is organized as a nonprofit organization does not indicate that it is exempt from federal tax.

Booster clubs may obtain an EIN by [applying online](#) (please copy and paste the link into the browser window). Once the application is completed, the information is validated during the online session, and an EIN is issued immediately.

No fee is required for obtaining an EIN.

After receiving your EIN, you may use it to then open a bank account and obtain a State Sales Tax Permit. Booster clubs should not use an individual's social security number to conduct the business of the organization.

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## Obtaining a Texas Sales and Use Tax Permit

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To sell any taxable items within the State of Texas, a booster club must apply for a Sales Tax Permit. The sale of goods includes fundraisers, such as candy sales, t-shirt sales, and sales of other taxable items. In addition, some booster clubs may sell services that are taxable.

Booster clubs obtain a Texas Sales Tax Permit by submitting the completed applications to the Texas Comptroller's Office. You apply on-line for the [Texas Sales Tax Permit](#).

A Texas Sales Tax Permit will be issued to the booster club along with a Sales Tax Permit Number. The Texas Sales Tax Permit Number has 11 digits. Booster clubs cannot use the District's Sales Tax Permit Number.

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## Public 501(c)(3) Tax-Exempt Status

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### Benefits / Restrictions of a Public 501(c)(3) Tax-Exempt Organization

The IRS Tax Code provides for special treatment of certain organizations identified as "tax-exempt." Some benefits to becoming tax-exempt as a public 501(c)(3) organization include:

1. Taxes are not paid to the IRS for revenues raised, and
2. Contributions to certain tax-exempt organizations [501(c)(3)] are tax-deductible by the contributor.

However, the following are restrictions placed on tax-exempt organizations that Booster clubs must follow to receive tax-exempt status and to retain that status:

- **The Booster club must benefit a campus/organization as a whole instead of benefiting individual members of a campus/organization.**

In some instances, individuals may not be able to afford to pay the amount owed to participate in a particular event. The IRS has indicated that an organization may establish criteria that could be used to determine if an individual is in financial need. If the criteria are met, the organization could provide the necessary funds to allow the individual to participate. One criterion could be whether the student is on the free/reduced lunch program. The criteria should be established in writing prior to a particular situation arising. In addition, the criteria should be used consistently for all individuals, and the criteria should not change every year.

- **The Booster club cannot use individual accounts.** "Individual accounts" are used by an organization to record a credit to an individual (participant) based on revenues raised. The organization would offset that individual's expenses with the amount credited to that individual from the revenues raised.
- **The Booster club cannot require a person to participate in fundraising activities.**
- **The Booster club cannot require that a certain amount be raised or sold per person.**

See additional details in the Fundraising Guidelines.

### **Applying for Public 501(c)(3) Tax-Exempt Status**

Tax-exempt status is not automatic once an EIN has been issued; organizations must apply for tax- exempt status. According to the IRS, an organization is either a taxable organization or a tax-exempt organization.

All booster clubs must obtain tax-exempt status with the IRS as a public 501(c)(3) organization. Only the 501(c)(3) status allows any donations to be deductible on the contributor's tax return. The booster club officers should take the necessary steps to ensure they follow the regulations regarding that type of entity.

To apply for 501(c)(3) status, small organizations may file Form 1023-EZ, *Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*. See [Instructions for Form 1023-EZ](#). If you are not eligible to file Form 1023-EZ, you can file [Form 1023, Interactive, Application for Recognition of Exemption Under Section 501\(c\)\(3\) of the Internal Revenue Code](#).

When completing the IRS Form 1023, booster clubs will establish their fiscal year-end (*also known as the accounting period year-end or official year-end*). Once this date is established, the IRS does not easily allow an organization to change it. Changes are usually only allowed for extreme circumstances. The date established will determine when the booster club has to file their informational return (Form 990) to the IRS.

The District encourages booster clubs to align their year-end with the school's year-end date of June 30. This way, the financial activity of the club can relate easily to a given school year. Second, the current officers can prepare the annual Financial Report and have it audited before the new school year begins. Third booster club Form 990 would not be due to the IRS until November 15; therefore, the new officers would have time to prepare it after beginning the new school year.

Upon approval by the IRS of the tax-exempt status, the organization will receive a Determination Letter stating that the organization is considered to be tax-exempt as of a certain date. Only then can the organization represent itself as a federally tax-exempt organization.

Likewise, donations to the organization are only deductible on the contributor's tax return as of the effective date on the Determination Letter received by the booster club granting 501(c)(3) tax- exempt status and within set guidelines that apply to 501(c)(3) organizations.

If the IRS does not grant tax-exempt status, the organization will receive a Letter of Denial stating the organization is not considered tax-exempt.

If a booster club has not received their IRS tax exemption, the organization must clearly state in all advertisements that donations to the organization are “not tax-deductible” so that a contributor is not misled and does not incur penalties levied by the IRS for taking the deduction erroneously.

## **Texas Sales and Use Tax Franchise Tax Exemptions**

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Booster clubs are not covered by a school’s exempt status. But they can apply for exemption. Please read guidelines and instruction on the [Texas Comptroller website](#).

To apply for Texas sales and use tax and franchise tax exemptions a booster club must first receive their IRS tax-exempt status as a 501(c)(3) organization. Please read the IRS [tax-exempt 501\(c\)\(3\) organization requirements](#).

1. To apply for an exemption from Texas sales tax, hotel occupancy tax, and franchise tax, if applicable, a booster club needs to complete [AP-207 for Educational Organizations](#). [The sales and use tax exemption](#) provides exemption from sales and use tax when purchasing items for use in furthering the organization’s exempt purpose. The sales and use tax exemption provides exemption for many but not necessarily all fundraising activities when selling items that would otherwise be taxable. See the Texas Comptrollers publication 96-1045 [Exempt Organizations: Sales and Purchases Document](#). This exemption process is separate and in addition to applying for federal tax-exemption from the IRS.

2. Texas nonprofit corporations must file franchise tax reports and public information reports with payment unless and until the Texas Comptroller has granted Franchise Tax exemption. Booster clubs that have received a Determination Letter from the IRS granting 501(c)(3) status may request exemption from [the Texas franchise tax through the Texas Comptroller](#).

*Apply for an exemption from Texas sales tax, hotel occupancy tax, and franchise tax by completing [AP-207 for Educational Organizations](#). Booster clubs cannot apply for an exemption until they have received their 501(c)(3) exemption from the IRS.*

Booster clubs – Apply for an exemption from Texas sales tax, hotel occupancy tax, and franchise tax by completing [AP-204 for Federal Exemptions and all others](#)

## **SECTION 3**

# **FINANCIAL GUIDELINES**

## **Booster Club Checklist**

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The following checklist serves as a guide to help ensure that your booster club has complied with the District's Board Policies along with federal and state regulations governing booster clubs. This checklist should be completed annually and also if the treasurer changes during the year.

### **District Requirements:**

- Provide a copy of your annual budget to the school principal.
- Provide a copy of your annual Financial Report and Audit/Review Report to the school principal.
- If your bylaws have been revised in the past year, send a copy to the school principal.

### **Texas Comptroller's Office Requirements**

Confirm the booster club has a Texas Sales Tax Permit by searching the Texas Comptroller's information using the web-link.

#### [Sales Taxpayer Search](#)

- If the booster club has an active or inactive sales tax permit, call the Comptroller's Office at 1-800-531-5441 and confirm if required sales tax reports have been submitted.
- If the booster club has a Texas Sales Tax Permit, a Texas Sales Tax Report MUST be submitted to the Comptroller's Office at least annually whether or not any taxable sales occurred. Some organizations must file quarterly or semi-annually.
- Determine if the booster club is incorporated by calling the Secretary of State at 512-463-5555.
- Confirm tax exemptions by searching the Texas Comptroller's information using the web link below: [Texas Tax-Exempt Entity Search](#)

### **IRS Requirements**

- Confirm the booster club has a 501(c)(3) tax-exempt status from the IRS by searching the web link below by using the EIN or name of the organization:

#### [Were Automatically Revoked](#)

- File the appropriate 990 form with the IRS each year.
- Issue 1099 forms to applicable individuals or businesses and file IRS Form 1096 each year.

## Financial Responsibilities

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### Accounting Controls and Procedures

A booster club must have a President and Treasurer in order to operate. One person cannot do both responsibilities since these positions act as a check and balance and provide good internal controls.

A booster club cannot have spouses or family members hold the office of President and Treasurer at the same time.

The term of office for the Treasurer should be limited to two (2) years. Because some booster clubs may have difficulty in filling this position, the booster club can vote to extend the position to a third term if evidence is provided that shows the Treasurer has fulfilled their duties, such as submitting required information to the Principal / Sponsor, the IRS, and the Texas Comptroller's Office. Only active members may hold an office.

Booster clubs should include written instructions on the recording of accounting transactions in their bylaws, such as accounting method (cash vs. accrual), number of authorized signers on the bank account(s), and number of authorized signatures required for each check.

All transactions should be recorded in the organization's financial records.

The organization's books and bank accounts should be reconciled monthly.

Booster clubs may provide support to their school in two manners:

- a) Booster club members raise funds for the school. Funds are deposited into the organization's bank account. The booster club writes a check to the school. The school deposits the funds into an activity fund at the school. The funds then belong to the school, to be spent at their discretion. The school should issue a receipt and record the money received as a donation to the school. All accounting and safeguarding of the funds is the responsibility of the school, once the school has received the funds.

*The IRS prefers that 501(c)(3) organizations use this method*, since it provides the "cleanest" procedure to track how the booster club spends its revenues. Using this method, the booster Club's Financial Report would show a clear path of revenues generated and expended exclusively for its purpose, to support the school. In addition, this method reduces the amount of paperwork and responsibility for the booster club related to the accounting for the revenues and expenses of the school.

- b) Booster club members raise funds for the school. Funds are deposited into the organization's bank account. The booster club writes checks to the individual vendors for

the expenses related to the school through their bank account. All accounting and safeguarding of the funds is the responsibility of the booster club.

### **Bank Accounts**

Booster clubs should set up a bank account with the organization's EIN number. A person's social security number or the District's EIN number cannot be used to set up a bank account.

The District recommends that at least two authorized signatures be required for each check written to assist in establishing good internal controls over check disbursements. If a booster club requires two signatures for check disbursements, the bank account(s) should have at least three authorized signers to allow at least one back-up signer if one of the regular signers is not available.

Each month, the bank statement should be received, opened, and reviewed by an officer without signature authority (that is not a signer) on the organization's bank account. This person should review checks written to signers, check that all activity (deposits and expenditures) seems normal, and balance seems reasonable. Then the bank statements would be given to the Treasurer.

Bank account(s) should be reconciled monthly.

Booster clubs should not use debit cards to pay for expenditures.

### **Carry-Over Balances**

No rule or regulation exists concerning the amount of funds that a booster club can have in their account. The booster club should have a minimum amount that would be carried over to the new officers so that they have some money to start the New Year. Excess money should be "earmarked" for specific purposes, and designated as such in the Treasurer's records. No special forms need to be filed with the IRS or the District for this "earmarked" money.

The booster club should spend the funds raised during the year that it raised the funds. This allows students and parents to see the benefits from the funds raised. The booster club may save the money raised over a couple years for a large item or trip. Be sure to inform the membership of why an excess in funds exist. Explain how the funds will be used.

### **Collections for Specific Individuals or Families**

Although staff, students, and parents want to assist individuals and families in times of need, service projects or fundraisers may not be held by PTAs, booster clubs, student groups, schools, or the District for individuals or families for death or injuries in tragic accidents, major illnesses, fires, or any other reason. Collecting or raising funds for these situations must be done by the family setting up a special account at a financial institution. Donations can be made by individuals or businesses by sending checks to the financial institution for the particular individual or family. Also individuals or families may set up online accounts to receive funds.

### **Conflict of Interest**

Officers and members must avoid any conflict between their personal interests and the interest of the booster club. Officers and members must avoid actual conflicts of interest and the appearance of conflicts of interest. Officers and members must perform the day-to-day duties with integrity and in an ethical manner.

## **Contributions / Donations**

### **Received**

Booster clubs may receive monetary or non-monetary contributions from individuals or businesses. In addition, those booster clubs that have received a Determination Letter from the IRS granting 501(c)(3) tax exemption are allowed to receive tax-deductible contributions in accordance with IRS Regulation 170. To allow the individuals or businesses to deduct these contributions on their tax returns, the booster club must provide them the organization's EIN and indicate that the booster club is a 501(c)(3) organization. Please read IRS instructions to receive tax-deductible [contributions](#) in accordance with Code section 170.

If your organization is not a 501(c)(3), contributions or donations are not tax-deductible. In addition, you must inform the individual or business that the contributions or donations are not tax-deductible.

Even though contributions or donations received will ultimately support the student group at a school, the gift is still considered to be a gift to the booster club and not to the school or to the District

### **Quid Pro Quo Contributions Received**

According to the IRS, a charitable organization, such as a booster club that is a 501(c)(3) organization, must provide a written disclosure statement to donors who make a payment, described as a "quid pro quo contribution," in excess of \$75.

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charitable organization. An example of a quid pro quo contribution is where the donor gives a booster club \$100 in consideration for a concert ticket valued at \$40. In this example, \$60 would be deductible. Because the [donor's payment \(quid pro quo contribution\) exceeds \\$75, the disclosure statement must be furnished](#), even though the deductible amount does not exceed \$75.

### **Corporation Reporting**

A nonprofit corporation is required by law to file an informational report not more than once every four years upon request by the Secretary of State. The report provides information regarding the corporation's registered agent and registered office (preferably the Principal / Sponsor and school address), and the names and addresses of its current officers, and is required regardless of the corporation's tax status. Once requested, the report must be completed and filed with the Secretary of State to avoid termination of the corporation.

### **Expenses**

For expenses of the booster club, the appropriateness of an expense depends on the purpose of the organization. A PTA would focus on the school as a whole; whereas, a booster club would focus on a particular student activity.

The booster club funds cannot be used for:

- Gifts to Principals / Sponsors
- Gifts to the President / Officers
- Gifts to Retiring School Administrators
- Meals unless the purchase directly supports the mission and purpose of the booster club and the amount is minimal

- Officer / Member entertainment
- Alcohol

Please note that amounts expended for booster club officers are subject to [additional IRS restrictions](#) in regards to officer's compensation.

### **Financial Aid Guidelines**

Tax-exempt organizations must benefit a group as a whole instead of benefiting individual members of a group. Since booster clubs usually assist schools, all students of the school are to be treated equally and receive the same opportunity to benefit from the booster club's assistance.

Therefore, one student cannot receive a greater benefit than another unless the criteria for financial need discussed below is met.

In some instances, individuals may not be able to afford to pay the amount owed to participate in a particular event. A booster club may establish criteria that could be used to determine if a person is in financial need. If the criteria is met, the group or club could provide the necessary funds to allow the individual to participate. The criteria should be established in writing prior to a particular situation arising. In addition, the criteria should be used consistently for all people, and the criteria remains consistent and it should not change each year based on a particular student or family.

### **Financial Report**

Consistent with the articles of incorporation and bylaws the Treasurer should prepare a written booster club annual financial report and should ensure that the financial report includes:

The following examples of Financial Reports are included in the following pages:

- **Type 1 (easiest to prepare)** – This example is a cash basis financial report that includes the beginning and ending cash balances for the year. Money received is usually shown as income and money paid is usually shown as an expense.

*The beginning cash balance for the current year should agree to the ending cash balance from the prior year.*

- **Type 2** - This example is an accrual basis financial report that includes assets, liabilities, equity, income, and expenses. This report would include the cash transactions, but would also show amounts to be received or amounts to be paid in which money has not yet been exchanged, prepayments of expenses that have not yet been incurred, or receipt of amounts in which income is not yet recognized.

*The retained earnings amount should agree to the total equity amount from the prior year.*

### **Review Report**

Each booster club is required to have an organizational committee conduct an annual review of the organization's Financial Report and the related financial activity for the school year. The review may be internal or external. An internal review committee includes officers and organization members; however, the committee should have at least one non-officer member review the information. A CPA may perform an external financial review of the booster club. The organizational review committee, whether internal or external, should prepare a written Review Committee Report that communicates the results of the review to the organization.

The Treasurer should not be on the Review Committee. However, should meet with the committee or external reviewer to explain their records or answer questions.

An internal review committee should use Review Reports. However, an external party should show the results of the review in their own report format with their signature and date included. Although the examples included show spaces for four (4) members, the booster club may have more or fewer committee members. However, the same information must be documented for each committee member (*as opposed to the group as a whole*), regardless of the size of the committee.

The following suggested guidelines are designed to assist the booster club Review Committee in conducting a thorough review of the booster club's financial report and the financial activity for the applicable school year.

- Have the Treasurer prepare the written report of revenues and expenditures (Financial Report) for your booster club. The report should include information for the twelve months of the fiscal year.
- The review must cover the period beginning with the reconciled cash balance from the previous written Financial Report and ending with the reconciled cash balance from the last day of the time period reported by the booster club. If the booster club is using an accrual basis financial report, then the beginning retained earnings should equal the prior year's ending retained earnings balance plus/(minus) net income/(loss) for the current year.
- Review the reconciled bank statements and canceled checks to determine that:
  - 1) Disbursements have been properly documented with an invoice or receipt,
  - 2) Disbursements have been properly approved,
  - 3) Checks have been properly signed,
  - 4) Checks have been deposited or cashed by the payee indicated and that no information on the face of the check has been altered, and
  - 5) Checks have been accounted for in the proper sequence (no missing checks).
- Check addition and subtraction on cash receipts and deposits.
- Compare cash receipts and deposits to the bank statement.
- Verify that receipts and disbursements were recorded to the correct account category.
- Review the Treasurer's monthly reports and check them for accuracy. Review the beginning and ending balances on reports to verify that correct ending balances were carried forward as beginning balances on subsequent reports.

Determine that only applicable booster club officers are authorized signers on the bank account(s). Former officers should not remain on the account(s) as authorized signers. In addition, a District employee cannot be the President, Treasurer or an authorized signer on the PTA's / booster club bank account (s). A District substitute or temporary worker may be a President, Treasurer or an authorized signer on the PTA's / booster club's bank account(s) with proper written approval.

- Obtain proof that all applicable sales tax reports were submitted to the Texas Comptroller’s Office and that the related taxes were paid.
- Determine which two fundraisers were chosen to be the “one-day, tax-free” sales/auctions, if applicable. Only booster clubs that have received an exemption from the Texas Comptroller’s Office are allowed two (2) “one-day, tax-free” sales/auctions per year.
- Review the tax-exempt status of the booster club to determine that the organization has received and maintained its federal tax-exempt status as a public 501(c)(3) charitable organization or other tax-exempt status deemed by the IRS.
- Determine that the appropriate IRS 990 form was filed as discussed in the *IRS* section below.
- Determine that the booster club has not used individual accounts, which credit funds raised to individual students or parents.
- Verify that 1099s were issued, if applicable. In general, you may have to issue a 1099-MISC (Miscellaneous Income) for each person to whom you have paid at least \$600 in rents, services, prizes & awards, attorney fees, and other similar situations within a calendar year.
- After the review is complete, prepare the applicable Review Report (only one report type may be used per review):

<b>Option A</b>	No Exceptions (i.e., errors, irregularities)	Financial Report appears proper and correct
<b>Option B</b>	Immaterial Exceptions	Financial Report appears proper and correct, except for some immaterial exceptions
<b>Option C</b>	Material Exceptions	Financial Report does not appear proper and correct because of material exception(s) or Financial Report status cannot be determined because of material exception(s)

- If exceptions are noted during the review, consult with the organization's Treasurer to resolve the exception(s). The Treasurer is responsible for making any corrections to the records, checkbook, and financial report.
- If material exceptions have been noted, prepare recommendations to prevent the future occurrence of these exceptions.

- The organization's Treasurer and President are responsible for acting upon the recommendations made by the booster club Review Committee.
- The Review Report includes reviewer's name, title, and signature. The time period stated in the Review Report, should agree with the time period covered in the financial report.
- Retain the original\_written booster club financial report and the original booster club Review Committee Report on file with the Treasurer of the booster club.

## **IRS**

Annually, each booster club must file an exempt organization information return Form 990-N, 990-EZ, or 990, *Return of Organization Exempt from Income Tax*. For more information regarding documents or regulations your booster club might need, please go the [IRS Stay Exempt](#). Publications on this site include Form 990, 990-N and 990-EZ Filing Tips.

### **IRS Reinstatement of 501 (c)(3) Tax-Exempt Status**

A booster club that does not file the appropriate 990 form for three consecutive years automatically lose their tax-exempt status. A revocation is effective on the original filing due date of the third annual return or notice. If an organization's tax-exempt status is automatically revoked, it is no longer exempt from federal income tax. Therefore, it may be required to file a Corporate Income Tax Return and pay applicable income taxes. A booster club whose tax-exempt status is revoked is not eligible to receive tax-deductible contributions.

### **Mailing Address**

If the mailing address for the booster club changes, immediately notify the Texas Secretary of State, the Texas Comptroller's Office, and the IRS. To avoid frequent mailing address changes, the IRS and the Texas Comptroller's Office recommend that each booster club obtain its own post office box (PO Box) to be used for official booster club mail. This address and box keys can be given easily to the new officers at the beginning of the year.

The school's address may be used as the PTA's / booster club's official address. The booster club should be aware that it may not receive mail in a timely manner when the school is closed (i.e., summer vacation and some holidays).

Please understand the importance of maintaining a consistent mailing address for the booster club. First, you will save time since you will not have to update your address each year to the Texas Secretary of State, the Texas Comptroller's Office, the IRS, and your bank as you would if you used someone's home address. Booster clubs receive several important documents from these agencies throughout the year, and if the address changes frequently, some of these documents could be lost or misplaced.

### **Members**

Active members should include those individuals that are parents, guardians, step-parents, or grandparents of a student at the school and that are current in their dues. Active members may also include individuals from a business partner or community organization that is involved in the Adopt a School Program. Only active members should have the ability to vote or hold an office. Other individuals may volunteer for the booster club, but cannot vote or hold an office. "Members" should be defined in the booster club's bylaws.

## **Membership Dues**

Booster clubs may charge dues to their members; however, parents and teachers do not have to be members of the booster club for their children or students to receive benefits from booster club activities. Membership dues are separate from the expenses incurred by a student for an activity (i.e., trip expense). Membership dues are associated with the parents being part of the booster club and are in no way associated with student expenses. The amount is decided and voted upon by the booster club Board.

## **Money Handling Procedures**

Money refers to cash, checks, money orders, or cashier's checks. The following are suggestions related to handling money to assist in ensuring proper accountability.

### **Receiving Money**

- The person receiving the money while in the presence of the person turning in the money should count all money received (face-to-face verification).
- The person receiving the money should give a receipt to the person delivering the money (both parties should retain their copy of the receipt). The receipt book should be in triplicate with the third copy retained in the receipt book.
- Any checks received should be restrictively endorsed immediately.
- Post-dated checks should not be accepted from any source.
- Receipts should indicate whether cash, check, money order, or cashier's check was received; date of the receipt; and signature of person receiving the money.
- If a money order or cashier's check is received, the receipt should indicate the total check amount; brand name of the money order or the issuing bank's name of the cashier's check; and the complete check or money order number. If a copy of the money order or cashier's check is made, the inclusion of this additional information on the receipt is not necessary.
- Copies or a list of checks, money orders, and cashier's checks received should be made to assist in recovery of money if these items are lost, stolen, or returned due to insufficient funds.

### **Recording and Depositing Money**

- Prior to depositing money, at least two people should count the money. The money should be counted at the school and agreed to the receipt book to confirm that all money receipted is deposited. Do not take any money home. Timely resolve any discrepancy between receipts and deposits.
- All money should be delivered to the booster club Treasurer to deposit funds daily. When face-to-face verification cannot be done at the time the money is turned in, the money should be put in a sealed tamper-proof bag or a sealed envelope with the name of the person turning in the money, date, and the reason money was collected. The Treasurer should also sign and date the sealed bag or envelope and then secure it in the safe until a face-to-face count can be done.
- Receipts should be reconciled with all money turned in and deposited.
- Money received should only be deposited in the PTA's / booster club's account(s).

- Deposit slips should be retained and reconciled monthly to the account.

### **Disbursing Money**

- Require **two** signatures on each check.
- "Blank" checks should never be issued and checks should never be pre-signed.

### **Safeguarding Money**

- Have people that handle money bonded by purchasing fidelity insurance (see Fundraising Guidelines). This protects against embezzlement, but not theft.
- Do not keep any money in an unlocked drawer, unlocked filing cabinet, vehicle, or other unsecured place. Consider purchasing a safe for the booster club (see **Safe** section below).
- Do not store the records of the money received (i.e., receipts, copies of checks) in the same place as the money. If records and money are stored together and a theft occurs, the record of the money may be taken along with the money. Subsequently, determination and recovery of losses would be more difficult.
- Money received and not yet deposited should not be used for purchases, check cashing, loans, advances, reimbursements, or for any other purpose.
- All unused checks should be kept safe and secure at all times.
- The sequence of check numbers should be accounted for when reconciling the bank statement to the booster club's books.
- Do not keep money in the school's safe. Safes are available for PTAs to purchase. The school/District is not responsible for any damage or loss of PTA money kept at the school whether it is held in a PTA safe located at the school or not.
- Issuing checks payable to "Cash" or to the "Sponsor" should be avoided. The IRS may examine these transactions in more detail than other transactions. If a check must be payable to "Cash" or to the "Sponsor," keep detailed documentation of the expense or use of the funds.

### **Paying and Reporting of Workers**

Any individual including a District employee who is hired by the booster club must be paid directly by the booster club and not through the District. There are many technical and legal issues that arise if they are paid by the District. These issues include overtime pay; use of weighted average hourly rates; payment of TRS, taxes, and other benefits; and the advancing of District funds that is prohibited by law.

The booster club is responsible for its volunteers and workers during booster club events or activities, including injury or theft.

Certain District employees cannot be hired by a booster club to perform work that includes the handling of money. These positions include Principals, Financial Secretaries, and Principal Secretaries.

### **Safes**

If your booster club would like to purchase a safe that would be located at your school, you need to receive

your Principal's / Sponsor's approval. The Principal / Sponsor would also need to approve of the safe's location. Some schools may not have space available to allow a safe to be installed.

If you would like the safe bolted to the slab, only certain companies are authorized to perform that type of work in our District. Contact the District's Purchasing Department to determine which companies may install safes that are bolted to the slab.

In deciding whether to install a safe at a school or if a booster club already has a safe located at a school, booster clubs should consider the following:

- Any loss of money, records, or other items kept in the safe and the safe, itself, is the sole responsibility of the booster club. The District, the school, and District personnel are not responsible for the contents of the safe or the safe itself.
- The District's insurance does not cover the property of others. Therefore the booster club is still solely responsible for any of these losses.
- If a booster club does purchase a safe, changing the safe combination as officers' change is recommended. The combination to the safe should be known only by a limited number of people. No School personnel should be given the combination to the safe nor at any time handle the monies collected through the safe.
- The booster club will be responsible for the cost of relocating or removing the safe, if a change in location or removal of the safe is needed. The District may unilaterally decide that the safe location must change or that the safe must be removed.

### **Collecting and Remitting Texas Sales Tax When Fund Raising**

Booster clubs must identify all fund raising sales activity as subject to or exempt from Texas Sales Tax, collect sales tax on taxable sales, and remit taxes to the state.

The Texas Comptroller's Office requires that booster clubs file at least one sales tax report per calendar year. The frequency of filing the sales tax report is determined by the Texas Comptroller's Office. The amount of anticipated sales tax payments affects the frequency of reporting.

Additional information regarding exemptions may be found on the [Texas Comptroller's website](#). The Sales and Use Tax Bulletin School Fundraisers and Texas Sales Tax is a [helpful resource](#).

### **Suspending a Booster Club**

Some booster clubs may have insufficient support to maintain an organization or another significant event may occur such as the organization's 501(c)(3) tax-exempt status is revoked by the IRS. In these instances, suspending the operations of the booster club may be needed. The suspension may be voted on by organization or the decision may be made by the Principal. The suspension should be noted in the records of the organization. Certain steps must be taken related to the State, and the IRS to properly suspend the organization.

**XYZ BOOSTER CLUB CASH  
BASIS FINANCIAL REPORT  
From July 1, 20XX through June 30, 201XX**

*Type 1  
Page 1 of 1*

Beginning Cash Balance as of July 1, 20XX \$2,235.46

**INCOME**

Memberships Dues	\$ 2,875.00
Yearbook Sales	\$ 5,625.00
Wrapping Paper Sales	\$19,502.25
Entertainment Book Sales	\$19,540.00
School Store Sales	<u>\$ 3,569.50</u>

Total Income \$51,111.75

**EXPENSES**

Yearbooks	\$ 3,589.10
Wrapping Paper	\$11,701.35
Entertainment Books	\$ 9,770.00
Miscellaneous Expenses	\$ 650.77
Postage	\$ 356.29
Field Trips	\$ 2,355.77
School Store Items	\$ 2,645.00
Field Day	\$ 684.75
Printers for Computer Lab	\$ 1,500.00
D.A.R.E.	\$ 1,465.00
5 <sup>th</sup> Grade Day	\$ 889.00
AR Parties	\$ 1,849.50
School Contribution (Playground Equipment)	<u>\$ 7,000.00</u>

Total Expenses \$44,456.53

Net Income (Loss) for Current Year \$6,655.22

**Ending Cash Balance as of June 30, 20XX \$8,890.68**

**Cash Basis Financial Report prepared by:**

Printed Name	Title
Signature	/ / Date

**XYZ BOOSTER CLUB  
BALANCE SHEET  
As of June 30, 20XX**

*Type 2  
Page 1 of 2*

**ASSETS**

Chase Checking Account	\$2,154.25
Chase Savings Account	\$5,112.77
Accounts Receivable	\$3,758.00

**TOTAL ASSETS** **\$11,025.02**

**LIABILITIES & EQUITY**

Liabilities

Accounts Payable - Catalogs	\$3,524.75
Accounts Payable - Cookie Dough	\$1,000.00
Deferred Membership Income	<u>\$ 500.00</u>

Total Liabilities \$ 5,024.75

Equity

Retained Earnings	\$1,135.12
Net Income (Loss) From Current Year	<u>\$4,865.15</u>

Total Equity \$ 6,000.27

**TOTAL LIABILITIES & EQUITY** **\$11,025.02**

**Balance Sheet and Income Statement prepared by:**

Printed Name	Title
Signature	/      / Date

**XYZ BOOSTER CLUB INCOME  
STATEMENT  
For the Period of July 1, 20XX through June 30, 201XX**

**INCOME**

Catalog Sales	\$9,129.18	
Cookie Dough Sales	\$2,300.00	
School Store Income	\$ 770.00	
Membership Dues	\$2,000.00	
Interest Income	<u>\$ 38.00</u>	
Total Income		\$14,237.18

**EXPENSES**

Catalog Sale Expense	\$3,752.68	
Cookie Dough Expense	\$1,388.13	
School Store Expenses	\$ 600.00	
Field Trips	\$ 770.00	
Postage	\$ 32.66	
Supplies	\$ 328.56	
Contribution to the School	<u>\$2,500.00</u>	
Total Expenses		<u>\$ 9,372.03</u>

**Net Income (Loss) For Current Year** **\$ 4,865.15**

(proper & correct with no exceptions)

**XYZ BOOSTER CLUB REVIEW  
COMMITTEE REPORT  
For the Time Period  
July 1, 20XX through June 30, 20XX**

The Review Committee members named below have reviewed the attached Financial Report and related financial activity for the time period of July 1, 20XX through June 30, 20XX, in detail. These members agree that the Financial Report and the related financial activity are proper and correct to the best of their knowledge. **No exceptions were noted during the review.**

_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date

*Note: If a reviewer is a non-officer, their title (second column) should be "Member".*

(proper & correct with immaterial exceptions)

**XYZ BOOSTER CLUB REVIEW  
COMMITTEE REPORT  
For the Time Period  
July 1, 20XX through June 30, 20XX**

The Review Committee members named below have reviewed the attached Financial Report and the related financial activity for the time period of July 1, 20XX through June 30, 20XX, in detail. These members agree that the Financial Report and the related financial activity are proper and correct, except for the following exceptions:

- Check #12586 cleared the bank for \$25.20 instead of \$2.52.
- Check #12688 did not have 2 authorized signatures as required by the booster club bylaws. The check only contained 1 authorized signature.
- The Supply Expense account contains six expenses that did not have the related invoices as documentation for the expense. The undocumented expenses totaled \$42.87.

_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date

*Note: If a reviewer is a non-officer, their title (second column) should be "Member".*

(not proper or correct due to material exceptions)

**XYZ BOOSTER CLUB REVIEW  
COMMITTEE REPORT  
For the Time Period  
July 1, 20XX through June 30, 20XX**

The Review Committee members named below have reviewed the attached Financial Report and related financial activity for the time period of July 1, 20XX through June 30, 20XX, in detail. These members agree that the Financial Report and the related financial activity are not proper and correct, due to the following material exceptions:

- No documentation of cost existed for the 100 new books purchased.
- Checking and savings accounts were not reconciled during the year.
- Only one authorized signature appeared on all checks written instead of the two required authorized signatures as indicated in the booster club bylaws.
- No documentation exists showing sales for the Christmas Cards sold to determine whether the amount recorded in the Financial Report is correct.

To prevent the above exceptions from occurring in the future, the following steps should be taken:

- Documentation of all expenses, such as an invoice, should be received prior to payment of expense. Documentation should be kept with the other booster club records.
- All bank accounts should be reconciled on a monthly basis.
- All checks issued should be signed by at least two authorized officers.
- For all fundraisers, a record should be kept of the sales and the money deposited.

(not proper or correct due to material exceptions)

**XYZ BOOSTER CLUB REVIEW  
COMMITTEE REPORT  
For the Time Period  
July 1, 20XX through June 30, 20XX**

_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date

*Note: If a reviewer is a non-officer, their title (second column) should be "Member".*

## **SECTION 4**

# **FUNDRAISING GUIDELINES**

## **FUNDRAISER GUIDELINES**

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The Spring Branch Independent School District (SBISD) recognizes the importance and value of a positive fundraiser program. As your campus or organization prepares to conduct a fundraiser, please use these guidelines to assist in planning.

### **General Guidelines**

- The school principal or designee may approve or reject all booster club fundraiser programs. In determining whether to approve a fundraiser, the principal will consider the timing and types of fundraisers requested. The Principal may need to limit the number of fund raisers given the financial capacity of the school community.
- Any fund raising must be entirely a booster club fund raising event or a school fund raising event. Monies from booster club fundraising must be completely segregated from school fundraising monies. Receipt, safeguarding, and bank deposit of booster Club money can never be comingled with District money. A booster club fund raising event must be clearly and consistently identified as an 'XYZ Booster Club' event. The District has guidelines and procedures for student group and campus fundraising that are distinct from District policy and guidelines for booster club fund raising.
- Careful consideration should be given to limiting the number of major fundraising activities involving students. Members of the booster club, not students, are primarily responsible for fund raising.
- A principal may require use of the Fundraising Activity Report - Permission Request prior to any fund raising activity.
- Students cannot be required to participate in a fundraiser and cannot be required to raise a certain amount or sell a certain number of items. All money raised must be used to benefit the students as a whole not individuals. Accordingly individual fund raising accounts should not be used.
- Per SBISD GKD (local) policy, "PTAs and PTOs, Classification B: will not be charged a fee for use of facility if used Monday through Friday from 3:00 p.m. to 9:00 p.m. Special events such as banquets or fundraisers will be subject to employee service fees, as applicable. Activities held on a Saturday or Sunday shall be subject to employee service fees, as applicable.

### **Miscellaneous Issues**

- Law prohibits possession and/or consumption of alcoholic beverages by any individual(s) on school District property.
- Alcohol may not be consumed off school property while students are present at any booster club activity.
- Law prohibits smoking, possession, and/or use of any tobacco product by an individual(s) on school District property.

The District is very interested in your efforts to raise funds for our children, and we are available to support you in any way possible. Please feel free to contact the individuals listed in the contact list if you have questions or concerns.

# Spring Branch Independent School District Fundraising Activity Report Permission Request

**Instructions**

1. **The Permission Request must be completed and submitted to the principal for approval of the fundraisers to be held.** The Principal will return a copy of the form to the individual requesting permission.
2. **The Operating Report shall be prepared promptly upon completion of the fundraising activity.** The PTA / Booster Club Treasurer should complete the Operating Report no later than one week after conclusion of the fund raising event. Fund raising activity that is not reasonably profitable should not be repeated.

**Campus** \_\_\_\_\_ **Date** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**Organization** \_\_\_\_\_ **Sponsor** \_\_\_\_\_

**Description and Purpose for which the net proceeds are to be used:**

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

**With this Permission Request, submit samples of the fundraiser collateral if any such as the brochure, flyer, t- shirt or product design.**

**Type of Fundraiser**

- Catalog**
- Single Item Sale**
- Concessions**
- Other – Describe:** \_\_\_\_\_

**Fundraiser Start Date** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ **Fundraiser End Date** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**Expected Profit**

Estimated Revenue \$ \_\_\_\_\_  
 Less: Estimated Cost of Fundraiser \$ \_\_\_\_\_ Equals:  
 Estimated Profit (Net Proceeds) \$ \_\_\_\_\_

\_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 Sponsor/Person Requesting Permission Date

**APPROVED**  
 **DENIED** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 Principal Date

## Operating Report

Organization \_\_\_\_\_ Fundraiser \_\_\_\_\_

**Total Collections from Fundraiser:**

Date	Receipt #	Description	Amount
			\$
		Per Attached List (if needed)	
<b>Total Collections</b>			<b>\$</b>

**Total Disbursements for Merchandise, Advertising, Prizes, etc. for Fundraiser:**

Date	PO#	Payee/Vendor	Amount
			\$
		Per Attached List (if needed)	
<b>Total Disbursements</b>			<b>\$</b>

**Profit (Net Proceeds) from Fundraiser:**

Total Collections – Total Disbursements	<b>\$</b>
---	-----------

\_\_\_\_\_  
Sponsor/Person Responsible for Fundraiser

\_\_\_\_\_  
Date

**SECTION 5  
PURCHASING  
VENDOR CONTRACTS  
LIABILITY INSURANCE**

## Overview

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Your PTA / booster club is a separate entity from the school District not protected from liability by governmental immunity as the District is. Carefully read the entire contract and/or service agreement you are being asked to sign by your vendor. Unless your group is covered by its own general liability insurance policy (either an annual policy or one-day event policy) by signing a contract that includes an Indemnification Clause, Hold Harmless Clause, Waiver of Liability Clause, etc. you are accepting, in the name of your group and its officers, the risk for any and all losses (property damage, bodily injury, personal injury, etc.) incurred or resulting from the event you are contracting for. The District and/or a third party claimant can hold your booster club financially responsible for losses to property and persons. No school District employee can legally waive the District's rights to recovery, nor agree to hold a third party harmless.

The District strongly encourages PTA / booster club members to never sign any agreement that releases the contractor or vendor of their legal responsibilities unless the contractor or vendor has purchased their own insurance for the event adequate to cover ALL potential risks and provided the booster club with proof of such insurance.

The District's insurance requirements for contractors/vendors is [attached](#) as an example of reasonable types and amounts of insurance to require. Purchase of a 1 Day Special Event Liability insurance policy covering all potential losses may be another viable option.

Placement of any temporary structures such as tents, fencing, and porta-potties must be approved in advance. Sprinkler systems and underground utilities can be a problem if an event is placing equipment on campus grounds. Many vendor contracts specifically state that the renter is responsible for marking sprinkler systems and underground utilities. Please contact the campus Principal at least one week in advance. The Principal will work with the District's Facility Services Department to mark the areas for you.

Driving over unpaved landscaped areas is prohibited.

## Capital Equipment

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A typical booster club contribution to a school is in the form of money. However a PTA / booster club may purchase items such as computer equipment, playground equipment and constructed facilities for the benefit of a student group or campus. It is ultimately the District's responsibility to maintain the equipment beyond the original purchase. Accordingly it is in the District's best interest to accept equipment that is compatible with the District's current standards and specifications. The Principal must clear technology purchases with the District's technology department prior to any purchase. The Principal must clear purchase of outdoor equipment, indoor equipment that will require modification of a facility, or a construction project with the District's Planning and Construction department in advance of any commitment to purchase.