

CALHOUN CITY SCHOOLS



Building Bridges to Excellence

#CONNECT



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Booster Organization Essentials

- Shared purpose
- Shared accountability
- Exempt vs. non-exempt
- Formation essentials
- Operational essentials
- Questions and discussion

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Shared Purpose:



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Shared Purpose:

- The Board and school administration realize the **valuable contributions** that parents and booster organizations associated with extra-curricular activities make to the total school program. Therefore, the Board and all personnel shall work **cooperatively** with local P.T.O. and other booster organizations to move the schools toward **mutually desired and sound educational and instructional goals**.

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Shared Accountability:

Ex-PTA member charged in embezzlement

Un-sanctioned booster loans totalling \$1.3M

How do we fix it? Is it fixable?

ATLANTA PTA CLAIMS EMBEZZLER STOLE ALMOST \$54,000



Real Headlines & News Stories!

Youth athletic Treasurer steals \$130,000

We bought the helmets they told us to buy.....

We thought they were form letters the IRS sends everyone.....

Former PTA treasurer pleads guilty to felony theft



At the end of the marching season, the boosters write a check to the director for whatever is left in the budget to cover his drill writing.

A school booster club with ties to a county commissioner recently received \$20,000 from a developer interested in...

Judgment against the chaperone: \$690,000

Yesterday we received an assessment from the IRS for nearly \$80,000 in taxes, penalties, and interest.

Woman charged with stealing from HS booster club

If it wasn't for that suspicious bank teller, no one would have ever suspected.....

\$65K IRS assessment against the booster club. Possible parent income tax penalties...

Band Booster Charged with Theft (\$40K)
Kennesaw Woman Arrested and Charged with Theft

The boosters gave me \$10,000 at the end of the season; they said it was a tax-free gift and I don't have to declare it.....

"I just wanted my kids to have a good life"

.....IRS recently notified the booster club that it owes more than \$22,000 in late fees for late-filed tax forms

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Exempt vs. Non-Exempt

- Which category does your organization fall under?
- The choice is that of the booster organization, become an exempt organization acting in coordination with the school system but with *independent* accounting, or act in coordination with the school system and manage accounting *through* the school system's local accounts.

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Formation Essentials

To set up:

1. Incorporate
2. Get an EIN
3. Adopt by-laws
4. Apply for tax exempt status from IRS

Annual Compliance:

1. File IRS Form 990 Informational Return
2. File Corp Registration with the Ga Secretary of State
3. Maintain current address with the IRS and Georgia

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Employer Identification Number (EIN)

- An EIN is a nine-digit ID number assigned for tax filing and reporting purposes:
 - Example: 12-3456789
 - For sole proprietors, corporations, partnerships, estates, trusts, and other entities
- Not a “Tax-exempt” number!

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Operational Essentials: By-laws

- Governance framework for the organization
- Customized
- Membership ratified via vote
- Reference for disputes / questions
- Provides operational guidance

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IRS Tax-Exempt Status

- Application required if gross receipts > \$5K
- 501(c)(3) status:
 - IRS favorable determination letter required
 - May allow contributions to be deductible
- Alternative:
 - Taxable status!
 - Pay income tax on all receipts
 - Cost can be up to 41% plus any penalties and interest

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Annual Compliance

- IRS Form 990/990-EZ/990-N
 - Informational
 - No taxes or fees payable
 - Late filing fees
- Registration with Secretary of State
 - Pay fee as required (Georgia = \$30)
- Maintain permanent non-school address
- Failure = Revocation and/or Dissolution!

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Budgets & Controls

Check Requests

- Available to all members
- Requestor submits in writing to President for review vs budget
- President approves / rejects
- Check request to Treasurer
- Check released for approved spending
- Check request and receipts filed for audit-readiness

Bank Statements

- Bank statement to President for review
- President reviews considering what has been approved and watching for unapproved spending
- Signed bank statement to Treasurer
- Treasurer reconciles and files for audit-readiness
- Treasurer reports to members regularly

Self Audit

- Semi-annual spot check "audit"
- Member at-large compares:
 - Check requests and receipts to disbursements
 - Cash to financial reports and bank statements
 - Reconciled bank statements complete and on-file
- Following trails, recording irregularities
- Documenting findings
- Written report to the Executive Board
- Oral report to membership

Budgeting

- Draft prepared with sponsor by President and Treasurer
- Proposed budget presented in summary form to membership with detail available
- Member discussion and ratification vote
- Budget of record entered to QuickBooks
- Regular reporting to Board and members
- Formal amendment process available

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Questions & Discussion



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