



2015 – 2016

Booster Club Guidelines

Mansfield Independent School District

MISD

MISSION STATEMENT

Mansfield Independent School District ensures educational and personal success by:

- aspiring to high academic standards
- fostering a community built on mutual support and excellence
- delivering innovative educational opportunities
- cultivating productive, lifelong learners.

Belief Statements

We believe that...

1. Our foundation is built on personal beliefs, integrity and respect.
2. Building positive relationships is vital for success.
3. Effective communication is essential.
4. Development and achievement are self-determined.
5. Responsibility and accountability are crucial.
6. Lifelong learning is imperative.
7. A safe, nurturing environment strengthens education.
8. Leadership is inherent within all of us.

Motto

Inspire. Achieve. Excel.

FOREWORD

The Booster Club Guidelines were prepared to assist booster clubs by providing organizational and financial guidance. It also aims to assist booster clubs in meeting District, State, and Federal requirements. It includes suggestions for improving the organization related to day-to-day activities. Even though a booster club works very closely with the District, it is a separate entity from the District. Therefore, the District greatly appreciates the time, effort, and financial support that the booster clubs provide to students.

Coaches, directors, and sponsors of extracurricular activities are school employees and are answerable only to their immediate supervisors and ultimately to the Superintendent. Coaches, directors, and sponsors serve as advisors to the Booster Club and can provide any information needed to operate efficiently, appropriately and within the District's guidelines; however the coach, director, or sponsor is not a voting member of the booster club nor can they hold an office in the Booster Club. Coaches and sponsors have all authority, given to them by the District, over the operation of the team or group and the activities.

Every MISD Booster organization should become familiar with and conduct all activities in compliance with requirements and limitations set out by the University Interscholastic League (UIL) in its Booster Club Guidelines. The full text of those Guidelines is available online at www.uiltexas.org/files/booster-guide.pdf. This booklet supplements the information contained in those Guidelines and communicates the district's expectations for Booster Clubs.

FORMATION OF A BOOSTER ORGANIZATION

ORGANIZATION

The District's designee for overseeing the activities of booster clubs is the campus principal or appropriate director. Therefore specific questions regarding booster activity should be addressed to the campus principal or appropriate director. As the responsible District employee, the campus principal or appropriate director shall: (1) approve the formation of any such organization; (2) receive a copy of the organizing documents and bylaws of such organizations; (3) ensure that an organization's sole function is to support the educational activities of the designated program area; and (4) have the authority to disassociate from the school, parent or community organization that has been judged by the campus principal or appropriate director to be disruptive to the educational activities or goals of the program or group.

Mansfield ISD will only approve booster clubs at the secondary school level.

Each booster organization should develop and maintain constitution/bylaws that are jointly reviewed on an annual basis by the campus principal or appropriate director and the booster club officers. Copies of the organization's bylaws must be on file with the Financial Services Department office of MISD. In addition, as a tax exempt organization, name and address, as well as structural and operational changes to its bylaws must be reported to the IRS. If an organization files an annual return (Form 990), it must report the changes on its return.

Full time employees of the District shall not serve in a financial capacity of a booster or other parent organization. Financial capacity includes holding positions of treasurer, fund-raising chairperson, or serving as a check signer.

Booster clubs are parent organizations established to promote school programs or complement student groups or activities. A booster club's purpose is to be a support. Support may be as simple as providing refreshments for a particular event or it may be as complex as raising money for an out-of-state competition.

Booster clubs:

- may be approved by the campus principal or appropriate director;
- work through the campus principal or appropriate director to provide assistance for the planned activities of the student group;
- may provide suggestions about particular activities in which the student group will participate;
- may provide suggestions about particular trips in which the student group will participate; and
- may provide suggestions about particular fundraisers in which the student group will participate.

However, booster clubs:

- do not have the authority to decide the activities in which the student group will participate;

- do not have the authority to decide the trips in which the student group will participate; nor do they have
- the authority to decide the fundraisers in which the student group will participate absent from input by the campus principal or appropriate director.

ESTABLISHMENT AND APPROVAL

Interested adults, who want to establish a booster club and have approval, should have an activation meeting. Certain elements should be agreed upon, which include:

- Determination of the purpose and goal of the club to be consistent in the enhancing the education programs of the school district.
- Appointment/election of officers (see ELECTION OF OFFICERS), in which:
 1. the sponsor/coach of the organization should not hold office or have voting privileges;
 2. an administrator on their own campus should not hold office or have voting privileges; and
 3. full time employees of the District shall not hold a financial position with the District and a financial position with the Booster Club
- Construction of bylaws should establish, as a minimum,;
 1. office positions, provision for the election, who can hold office and minimum tenures thereof;
 2. offices held and voting privileges defined;
 3. fiscal year dates in which the club will operate;
 4. provision for the appointment of a Finance Committee or the selection of an Audit Firm for financial records;
 5. provisions for the preparation and member approval of an operational budget which identifies fundraising projects and their intended purposes;
 6. official records to be established and maintained by the elected officers as well as document retention standards (see Record Keeping);
 7. criteria defining membership in the booster club and define membership in good standing;
 8. who has voting privileges;
 9. the annual registration of officers with the campus principal or appropriate director; and
 10. actions to be taken upon dissolving or suspending a booster club by the club itself.

CONFLICTS OF INTEREST

The purpose of this conflicts of interest policy is to protect the Booster Club interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Booster Club. This is intended is to supplement, but not replace,

any applicable state laws governing conflicts of interest applicable to non-profit and charitable corporations.

DEFINITIONS

Interested Person

Any director, principal officer, or member of a committee with board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity affiliated with the Booster Club, he or she is an interested person with respect to all entities affiliated with the Booster Club.

Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- a. an ownership or investment interest in any entity with which the Booster Club has a transaction or arrangement;
- b. a compensation arrangement with the Booster Club or with any entity or individual with which the Booster Club has a transaction or arrangement; or
- c. potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Booster Club is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature.

PROCEDURES

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest and must be given the opportunity to disclose all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the

interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
- b. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board or committee shall determine whether the Booster Club can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Booster Club best interest and for its own benefit and whether the transaction is fair and reasonable to the Booster Club and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

Violations of the Conflicts of Interest Policy

If the board or committee has reasonable cause to believe that a member has failed to disclose an actual or possible conflict of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action

RECORD OF PROCEEDINGS

The minutes of the board and all committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact

existed.

2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

COMPENSATION

A voting member of the board of directors who receives compensation, directly or indirectly, from the Booster Club for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Booster Club for services is precluded from voting on matters pertaining to that member's compensation.

ANNUAL STATEMENTS

Each director, principal officer and member of a committee with board delegated powers shall annually complete a questionnaire and sign a statement which affirms that such person:

1. Has disclosed in the questionnaire all affiliations, interests and transactions which might possibly constitute a conflict of interest.
2. Has received a copy of the conflicts of interest policy,
3. Has read and understands the policy,
4. Has agreed to comply with the policy, and
5. Understands that the Booster Club is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax exempt purposes.

PERIODIC REVIEWS

Periodic reviews shall be conducted to ensure that the Booster Club operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
2. Whether partnership and joint venture arrangements and arrangements with service

organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Booster Club charitable purposes and do not result in inurement or impermissible private benefit.

USE OF OUTSIDE EXPERTS

Booster Club may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted

ELECTION OF OFFICERS

The election of officers of the organization will occur annually within the timelines and manner prescribed by the booster organization bylaws. Typically the election of officers should occur by May of each year so that the newly elected officers may be in place for the start of the next school year. The transfer of records and audit of the accounts should be completed no later than July 1st of each year.

Officers may be elected in a variety of methods (simple majority, secret ballot) in accordance with the organization's bylaws. The election of officers should be from a slate of officers presented by the nominating committee in the spring of each school year. Recommendations may also be taken from the floor at the time of the vote in accordance with *Roberts Rules of Order*. Officers should be appointed with the input and approval of the membership.

NOMINATING COMMITTEE

The nominating committee is formed from the organization's membership in the spring of each year. The purpose of the committee is to recommend various members of the organization for office in the coming school year. The nominating committee should be charged with soliciting recommendations for officer positions within the organization. The committee should then contact the potential candidate directly to ascertain their willingness and desire to serve. The nominating committee should report back to the membership on their results in the spring (typically by mid-April) so that elections may be held.

OFFICERS

PRESIDENT

Typically, the president of a booster organization is an individual who has previously been active in the organization. The major duties include, but are not limited to, the following:

- preside at all meetings of the organization;
- regularly meet with the designated campus representative regarding booster activities (regularly is defined as monthly at a minimum);
- resolve problems in the membership;
- regularly meet with the treasurer of the organization to review the organization's financial position;

- select an officer as the designee to receive bank statements either through the mail at their home address or electronically. This individual should not be a signer on the account. Upon receipt, the designee should review the activity on the bank statement and canceled checks for reasonableness. This provides an independent review by an individual not associated with disbursement activity.
- schedule an annual audit of records or request an audit if the need should arise during the year; and
- perform any other specific duties as outlined in the bylaws of the organization.

VICE-PRESIDENT

The vice-president acts as the president's representative in his/her absence. They be familiar with the organization's activities. The major duties include, but are not limited to, the following:

- preside at meetings in the absence or inability of the president to serve;
- perform administrative functions delegated by the president; and
- perform other specific duties as outlined in the bylaws of the organization.

Note: Larger booster organizations may find it necessary to elect several vice presidents with responsibility over different areas. Such positions shall be clearly defined in the bylaws of the organization.

SECRETARY

The secretary is responsible for keeping accurate records of the proceedings of the organization and reporting to the membership. The secretary needs to ensure the accuracy of the minutes of the meetings, and have a thorough knowledge of parliamentary law and the organization's bylaws. The major duties include, but are not limited to, the following:

- turn over records to the incoming officer within 30 days of election;
- records should be kept for a period of 10 years for audit purposes;
- report on any recommendations made by the executive board of the booster organization if such a governing board is defined by the bylaws;
- maintain the records of the minutes, approved bylaws and any standing committee rules, current membership and committee listing;
- record all business transacted at each meeting of the association as well as meetings of any executive board meetings in a prescribed format;
- maintain records of attendance of each member;
- conduct and report on all correspondence on behalf of the organization; and
- other specific duties as outlined in the bylaws of the organization.

TREASURER

The treasurer is the authorized custodian of the funds of the association. The treasurer receives and disburses all monies indicated in the budget and prescribed in the local bylaws or as authorized by action of the association. All persons authorized to handle funds of the association should be covered by a fidelity

bond in an amount based upon the organization's annual income and determined by the executive board. The major duties include, but are not limited to, the following:

- turn over records to the incoming officer within 30 days of election;
- records should be kept for a period of 10 years for audit purposes;
- serve as chairperson of the Budget and Finance Committee if prescribed within the bylaws of the organization;
- issue a receipt for all monies received and deposit said amounts;
- present a current financial report including bank statements, bank reconciliations, and financial statements to the executive committee within thirty days of the previous month end. copies should be available for review by the general membership within a reasonable timeframe, if requested;
- file current financial reports at the end of each fiscal year with the district business office;
- maintain an accurate and detailed account of all monies received and disbursed;
- reconcile all bank statements as received and resolve any discrepancies with the bank immediately;
- file sales tax reports as required by the Texas Comptroller's Office (monthly, quarterly, or annually). Sales tax reports must be filed even if no sales tax was collected for the period reported. If not, a non-filing fee will be assessed by the Texas Comptroller's Office.
- file annual IRS form 990, 990-T, 990-N or 990-EZ in a timely manner;
- submit records to finance committee appointed by the organization upon request or at the end of the year; and
- other specific duties as outlined in the bylaws of the organization.

Note: Due to the increasing requirements placed on charitable organizations by the Internal Revenue Service, it is strongly recommended that the Treasurer have an accounting background.

PARLIAMENTARIAN (optional)

The primary duty of the parliamentarian is to advise the presiding officer on parliamentary law and matters of procedure when requested. The president or presiding officer of the organization alone has the power to make decisions or rule on a point of order. Thus, after the parliamentarian has given his advice, the presiding officer will make the ruling to the organization – he/she is not obligated to follow the recommendation of the parliamentarian. The parliamentarian should be thoroughly familiar with the Districts' Booster Club Guidelines, bylaws and any standing rules of the group on which he serves. A copy of the most recent version of *Roberts Rules of Order* should be maintained by the organization and referenced as needed.

AD HOC COMMITTEES (Optional)

Special committees are created for a specific purpose and voted upon by the membership. The committee is automatically dissolved as soon as that purpose is accomplished and the committee report is made. Ad Hoc committees should complete their assignments within the current school year. If the objectives are not met at the end of the school year, officers will be required to reappoint members of the committee for the following year until the purpose of the committee has been achieved. Individuals who have a conflict of

interest should not be allowed to serve as members of the committee. For example, senior parents would not be included on a scholarship committee since their child is a potential recipient of the monies.

FINANCE COMMITTEE

The finance committee is responsible for conducting an annual audit of the organization's financial report and the related financial activity for the school year. The finance committee should include three members consisting of officers and club members; however, the committee should have at least one non-officer member review the information. If the membership size does not allow, the finance committee may be comprised of two individuals with one being a non-officer. Although not required, a CPA or other outside party may perform an external audit at the club's expense. The finance committee will prepare a written Audit Report that communicates the results of the audit to the organization. The Treasurer should not be on the finance committee. Since the Treasurer is the person being audited he/she cannot also be the person performing the audit. However, he/she may meet with the committee to explain their records or answer questions.

The primary objectives of the audit are to:

- verify the accuracy of the Treasurer's financial reports;
- ensure that the club's cash balances are accurate;
- determine that established procedures for handling booster funds have been followed;
- ensure that expenditures have two sources of approval and occurred in a manner consistent with the organization's bylaws;
- ensure that all revenues have been appropriately received and recorded; and
- all members of the finance committee should sign a statement indicating their agreement with the findings detailed in the report.

The finance committee should make a report to the general membership upon completion of the audit. Any discrepancies noted should be brought to the attention of the president of the organization and a resolution reached prior to presentation. All officers of the organization shall make records available as requested by the committee. Copies of final audit report should be submitted to the with the district business office by September 15 of each year in conjunction with the financial information requirements for GASB 39.

STANDARDS FOR MEETING

Notice of all general meetings of the booster organization should be published at the campus seventy-two hours prior to the meeting date. The notice should clearly indicate the date and time of the meeting and the items to be discussed. All booster club general meetings should take place on school premises. In order to provide an optimum level of communication and teamwork, booster club general meetings should be held in the presence of the campus principal or appropriate director. Business determined at meetings without adequate campus representation may be considered null and void. Should a booster organization feel that it is necessary to meet without the campus principal or appropriate director, the Superintendent or designee should be contacted for an acceptable replacement.

Meetings for the Executive, Finance and other Ad Hoc committees may meet separately, however all recommendations and actions be approved at a general meeting.

RULES FOR DISSOLUTION

To dissolve a booster organization, a resolution shall be adopted by the booster organization (or the executive board if the organization is inactive) stating that the question of such dissolution be submitted to a vote at a special meeting of the members having voting rights, as outlined in the bylaws. At least 30 days prior to the meeting, written or printed notice shall be given to each member entitled to vote stating that the purpose of such meeting is to consider the advisability of dissolving the organization. The booster organization must determine the distribution and usage of treasury monies and other assets before dissolution. In order to comply with Internal Revenue Service guidelines, care should be taken to ensure that excess funds are distributed within the framework of the organization's original purpose – i.e. band booster funds would remain with the musical program at that particular campus. Any other distribution of funds could void the organization's tax exempt status and force it into a fully taxable situation.

Also, as stated in an earlier section, the District's designee for overseeing the activities of booster clubs is the campus principal or appropriate director. As the responsible District employee, the campus principal or appropriate director shall have the authority to disassociate of any school program with a parent or community organization that has been judged by the campus principal or appropriate director to be disruptive to the educational activities or goals of the program or group.

FINANCIAL INFORMATION

GENERAL

It is recommended that the booster club presidents, treasurers, and teacher sponsors attend a training session provided by the District with regard to cash controls, financial controls, financial reporting, and other topics.

The organization's bylaws should stipulate the creation and approval, by its membership, of an annual budget. This is typically done in late spring or early fall for the upcoming school year. The budget should be submitted to the club sponsor to be reviewed by the campus principal or appropriate director for reasonableness. Changes to the budget during the year should be approved by the general membership and forwarded to the campus principal or appropriate director for review.

All booster club business addressed during meeting should be approved and reflected in the meeting minutes to provide documentation of the memberships directives.

Before parent groups or other groups working with the school purchase equipment for the schools, including computer hardware and software, they shall notify the campus principal or appropriate director and gain approval of their plans. In consultation with the campus principal or appropriate director, determinations of the type or brand of equipment to buy, must be approved, to ensure compatibility with current District equipment [see Board Policy GE(LOCAL)].

LIABILITY INSURANCE

Booster clubs should seriously consider the purchase of liability insurance to protect the organization and its members. Coverage to be considered should include general liability, officer's liability, business personal property (if booster owned property exists), and fidelity, otherwise known as bond coverage. The cost of the insurance varies depending on the amount of coverage, but is generally reasonable. Insurance underwriters for booster clubs, in most cases, require an annual audit/review to be performed by the organization and needs to have a procedure in place to have bank statements and reconciliations reviewed monthly by a member without check signature authority.

FINANCIAL REPORTING TO DISTRICT

Governmental Accounting Standards Board (GASB) Statement No. 39 requires the District to obtain and review financial performance information of supporting organizations to determine whether these organizations should be considered a component unit. To this end, booster clubs are required to submit to the Finance Department end-of-year financial statements (including balance sheet and income statement). Financial Statements should be for the period ending June 30 and be submitted by September 15. A copy of the final audit report should be submitted at the end of the year as well.

FINANCIAL GUIDELINES

The following guidelines reflect the district recommendations pertaining to the financial policies and procedures.

- Annual budgets will be formulated and approved by the membership, which:
 - set forth the fund raising project,
 - the amount intended to raise, and
 - the purpose of the funds;
- Check approval requires two officers signatures, which is:
 - typically that of the Treasure and President unless the two officers are related and
 - the coach or sponsor shall not have check signature authority.
- The identity of the banking institution should be included in the minutes.
- Systems should be in place whereby IRS Form 1099 MISC can be provided when amounts paid require to be reported per IRS (see ANNUAL FEDERAL FILING REQUIREMENTS)
- Treasurer's records should consist of:
 1. double entries ledger system with balanced books at the end of each period, showing all income and expenditures with supporting receipts and deposits;
 2. a ledger sheet accompanying each separate budgetary category;
 3. a receipt accompanying each time monies are collected with a duplicate copy remaining in the receipt book (exception: concession sales);
 4. timely deposit of monies collected;
 5. financial responsibility in the areas of receipts and disbursements of cash, authorization of disbursements, accounting records, bank statement reconciliation, and deposits with proper segregation [officers who have physical custody of assets of the club (i.e. deposits and checkbook) should not also have recording, reporting, and reconciliation responsibilities, i.e. the Membership Chair could deposit all of the cash and checks, then submit the deposit slip and supporting documentation to the Treasurer for record keeping];
 6. when possible, at least, two people should count the monies collected and document them monies received;
 7. up to date financial report to the membership on a monthly basis, prepared and distributed by the Treasurer;
 8. included in the financial report should be amount of revenue collected for the month (e.g. \$560 from concessions, \$220 from program sales. etc...), expenditures for the month and for what purpose and beginning and ending balances for the month (the ending balance should tie back to the reconciled statement and previous report);
 9. secretarial minutes of each meeting to be kept and saved as well as previous meetings minutes being read and approved;

10. annual audit of the books must be performed and reported report, by the finance committee, at the booster club meeting (see FINANCE COMMITTEE); and
11. bank statements should be mailed to the official mailing address of the Booster Club, not the school or home of a Booster Club member. The IRS and the Texas State Comptroller's Office recommend that each Booster Club obtain a post office box (PO Box) or private mailing box (PMB) to use as the official mailing address of the Booster Clubs. The address and box keys can be given easily to the new officers at the beginning of each New Year.
12. booster clubs are required to submit to the Director of Financial Services mid-year and end-of-year financial statements (including balance sheet and income statement). A copy of the final audit report should be submitted at the end of the year as well.

INTERNAL CONTROLS

Internal controls need to be in place and are meant to be best practice, in order to protect the booster club, its members, and its financial well-being. The following is a summary of basic internal controls necessary to prevent the loss of funds through carelessness, mistakes, or misappropriation.

A Booster Club should be absolutely sure it has or will have the money necessary to meet its financial commitments. Booster Clubs do not have the authority to commit or to represent Mansfield ISD as a responsible party for any bill paying or contractual agreement, verbal or written.

Controls over Bank Accounts

Booster organizations are required to establish a checking account with the booster club's EIN number at a bank or credit union. A person's social security number or the District's EIN number cannot be used to set up a bank account. Accounts should be established with at least three individuals on the signature card. Checks and EFT's require the signature or authorization of two club officers or designated representative. Each check should be supported by all supporting receipts and or documentation which will be part of the monthly reconciliation and annual review of financial records.

A designated booster club member without signature authority should review the bank statement and its contents for reasonableness and compliance with Treasurers' reports, the budget, and the ongoing business of the organization. Special attention should be made to outstanding or reconciling items. This member should sign off on the completed bank reconciliation and be appointed by the booster club president.

Bank statements should be reconciled within 30 days of the date of the statement to ensure that possible inaccurate transactions are identified and communicated to the financial institution for correction. After 30 days, the financial institution is no longer liable for errors.

Controls over Cash and Receipts

All cash collections received by the booster organization for program costs, dues, fundraising, etc. should be deposited upon receipt. Deposits should be made daily if the total receipts on hand exceed \$250. If daily receipts are less than \$250, deposits should be made within one week even if the receipts for all

days combined are less than \$250. All money should be deposited prior to holidays and weekends. The use of night deposit boxes is highly recommended.

Deposits should be supported by some type of record documenting the source and amount of funds (tabulation of monies collected form, cash receipt form, ticket sales record, etc.). Documentation should be readily available for audit purposes.

Cash should be adequately safeguarded at all times. Cash transfers should be handled the same as a check or EFT with authorization of two club officers or designated representative required.

At no time should booster club funds that are collected be maintained at a member's home. Every effort should be made to balance funds collected the day of the event, prepare appropriate deposit documentation and submit to a bank night drop for deposit and safekeeping. Money from concession sales should be handled in the same manner.

Controls over Disbursements

Prior to beginning a fundraising campaign, the booster club should complete a fundraiser application and submit it to the club sponsor for review by the campus principal or appropriate director . This provides the campus/district with knowledge of the activities on the campus, knowledge of how students are involved, help to avoid the duplication of similar fundraising campaigns during the same period, and allows for MISD to ensure that the fundraiser is in line with district policies, guidelines, and practices.

Checks and EFT's should not be generated without proper documentation (i.e. invoice, original receipts, etc.). Documentation should also include the signature of the President, Vice President or a designated representative.

Checks should require the signature of a second officer or designated representative.

Blank checks should not be issued. Actual receipts should be requested and a reimbursement be should processed.

Budgetary & Oversight Controls

Members should establish and approve a budget at the beginning of the school year. Actual receipts and disbursements should periodically be compared to the budget.

The Treasurer should provide a monthly written financial report which should include the bank account balance and the receipt & disbursement activity since the last meeting. The financial report should also include a comparison of budgeted versus actual receipts and expenditures.

At the completion of fundraisers, a financial recap should be prepared to determine the profitability of the fundraiser.

At the end of the fiscal year, an audit of the booster club's financial records should be conducted. The finance committee should make a report to the general membership upon completion of the audit. A

copy of the signature page detailing the results of the audit should be forwarded to the Director of Financial Services. For additional information, refer to section titled Finance committee previously in this document.

CASH RECEIPT PROCEDURES

Bank deposits should be prepared as follows to ensure the integrity of financial reporting:

1. separate all currency and coins by denomination and carefully count and record it in the appropriate section of the bank deposit form;
2. a calculator tape may be run for any checks included in the deposit rather than indicating the checks individually on the deposit slip form. A copy of the tape should be retained with your copy of the deposit records;
3. total the deposit slip;
4. tally the pre-numbered cash receipts and make certain that this total matches the deposit total;
5. attach the cash receipt verification with a copy of the deposit slip and file in date order;
6. for large deposits, have another individual independently count the currency only (not the coins or checks) and verify that the currency has been correctly recorded on the deposit slip;
7. both individuals should initial next to the currency amount on the deposit slip; and
8. seal the deposit in a deposit bag in the presence of the second individual. This is called dual control and places the organization in a better position to challenge any claim that the bank may make that the currency received was incorrect.

PETTY CASH

Mansfield ISD Booster Organizations are discouraged from maintaining a petty cash account.

BANK RECONCILIATION

Upon receipt of the monthly bank statement, the balance indicated on the statement should be reconciled to the bank account balance in the general ledger as of the last day of the month. The reconciliation should be completed within 30 days of the date of the bank statement. Items needed for reconciliation are bank reconciliation form, prior month's bank reconciliation, bank statement, check register and/or cash disbursements journal, cash receipts journal, and general ledger

To complete the bank side of the reconciliation form, perform the following steps:

1. indicate the ending balance per the bank statement;
2. check off outstanding checks from prior month's bank reconciliation using the bank statement;
3. determine the outstanding checks by comparing the Check Register to the bank statement, including any remaining checks from the previous month;
4. determine the deposits in transit by comparing the Cash Receipts Journal to the bank statement;
5. identify any items that need to be corrected by the bank, such as check printing, returned check charges and material encoding errors [these items should be grouped together under other adjustments]; and
6. total all items and enter the amount on the Adjusted Bank Balance line.

To complete the General Ledger side of the reconciliation form, perform the following:

1. indicate cash account ending balance from the general ledger;
2. compare the bank statement to the Check Register and list any cleared checks or EFT's that were not posted;
3. indicate any outstanding returned checks;
4. indicate the interest earned per the bank statement [this amount should be immediately posted];
5. identify any items that need to be corrected on the General Ledger (such as immaterial encoding errors) under other adjustments; and
6. total all items and enter the amount on the Adjusted Cash Balance line.

Compare the adjusted bank balance to the adjusted cash balance to make sure that they are in agreement. If they are not, the reconciliation is NOT complete. Examine the prior month's reconciliation to ascertain that all items have been posted and/or corrected.

If at all possible, a computerized reconciliation program should be used in conjunction with the organization's financial package.

In addition to the reconciliation, the cancelled checks or imaged copies of checks should be reviewed to ensure that the payee is consistent with that identified in the check register and endorsements on the check are reasonable.

DISBURSEMENT OF FUNDS

At the outset of the school year, a budget of anticipated expenditures should be developed. Prior to a disbursement, the request to expend funds should be compared with the budgeted expenditures. Disbursements outside the scope of the budget or line items that exceed the approved budget should require a vote by the general membership. Direct payments to District employees are not permitted uses of booster funds, nor are the purchase of alcoholic beverages.

Banquet events should be preapproved by the campus principal or appropriate director prior to establishing any related reservations for the proposed event. Under certain conditions tickets sold for these events may be subject to state sales tax. Please review the Texas Comptroller's Office website to make that determination.

University Interscholastic League (UIL) rules limit the ability of students to accept gifts. Awards that students may receive are specifically outlined in Subchapter O, Section 480(a)(2) of the UIL Constitution and Contest Rules. Although all types of student activities are not regulated by UIL, for student consistency and fairness, UIL guidelines must be followed for all. No gifts or purchases that individually benefit students shall be made outside of UIL guidelines.

When establishing program costs and setting fundraisers, booster clubs should be cognizant of the effects on large families and families of low socio-economic status. Reasonable efforts should be made to ensure that all individuals are able to participate in activities. Tax-exempt organizations must benefit a group as a

whole instead of benefiting individual members of a group. As such, booster clubs shall not be a collection agent for the campus teacher/sponsor in the form of fees. Since booster clubs usually assist student groups, all members of the student group sponsored 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. The IRS has indicated however that a group or club may establish criteria that could be used to determine if a student is in financial need. If the criteria are met, the group or club could provide a greater benefit to a particular student. 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 should not change every year.

Booster clubs may charge dues to their members (the parents); however, parents do not have to be members of the booster club for their child(ren) to participate in the student group that receives benefits from booster club activities. Membership dues are separate from the expenses incurred by sponsoring a student group (i.e., trip expense, costume expense). Membership dues are associated with the parents being part of the booster club and are in no way associated with the expenses related to that parent's child.

Booster organizations may not contribute funds in an effort to increase the personnel allocations and/or stipends of a particular program or campus.

To ensure compliance with UIL guidelines governing activities, all disbursements relating to booster club activity shall require the approval of the campus principal or appropriate director.

1099 REQUIREMENTS

Internal Revenue Service guidelines require that all payments for services in excess of \$600 made to an individual by a booster organization be reported on a form 1099 on an annual basis. The booster organization should secure an IRS form W-9 from the provider at the time of service to ensure that the organization has an accurate record of the tax payer identification number. The organization must then issue a form 1099 to all qualifying vendors performed in the calendar year by January 31st. The following guidelines can be used to determine if reporting is required, however an annual review of current IRS regulations is highly recommended:

- **Risk of profit or loss** - Independent contractors realize a profit or sustain a loss based on their success in performing the work or service.
- **Continuing relationship** - The relationship between an independent contractor and employer ends when the job is done
- **Compliance with instructions** - Independent contractors cannot be told when, where, or how to do the job.
- **Training** - Independent contractors do not go through any type of instructional training period with a more experienced employee to learn how to do the job. Independent contractors specialize in the field in which they have been employed and do not require training.
- **Personal Service required** - The right of an independent contractor to substitute another's services without the employer's knowledge shows that one particular individual's personal services are not being required by the employer.

- **Integration into the business** - The success or continuation of the business is not dependent on the independent contractor's performance of the service.
- **Control over the hiring, supervising, and paying of assistants** - Independent contractors maintain control of their assistants. The employer contacts the independent contractor if there is a problem, and the employer pays the independent contractor for the work done. The independent contractor then pays the assistants directly.
- **Set hours of work** - An independent contractor sets working hours.
- **A full-time work requirement** - An independent contractor has the availability to work for more than one client.
- **Working for more than one firm** - An independent contractor has an established business in which they work for more than one firm.
- **Worker's availability to the general public** - An independent contractor makes services available to the public on a regular and consistent basis.
- **Working on the employer's premises** - An independent contractor works off-premises unless the nature of the service to be performed requires attendance at the employer's work site.
- **Required work order or sequence** - An independent contractor does not need to be told in what order or how to do a job as he/she is considered an expert in the field.
- **Required reports** - An independent contractor is not required to submit oral or written reports.
- **Payment by the hour, week, or month** - An independent contractor is paid in a lump sum fee basis when the job is done. An invoice must be generated to substantiate the payment.
- **Payment of business or travel expense** - An independent contractor is responsible for his/her own business or travel expense. If paid by an employer, the employer must include the expense amount in the independent contractor's 1099 (unless you can verify an accountable plan).
- **Furnishing of tools and materials** - An independent contractor has the necessary tools and materials to do the job.
- **Investment in facilities** - If the independent contractor maintains an office on the employer's premises, he/she must pay a rent or lease payment for the office space as well as the overhead.
- **Employer's discharge rights** - An independent contractor cannot be terminated as long as he/she is fulfilling the contract.
- **Worker's termination rights** - An independent contractor may be held financially responsible for any loss the employer may suffer due to an incomplete, inaccurate or unsatisfactorily completed contract.

The Internal Revenue Service website should be accessed for appropriate 1099 reporting requirements and forms.

NONPROFIT CORPORATIONS

Although not required, booster clubs are encouraged to incorporate under the Texas Business Organizations Code. By becoming incorporated the organization will become formalized by adopting Articles of Incorporation and Bylaws which provide standard operating procedures. In addition, it helps shield the individuals governing and operating the nonprofit organization from liabilities incurred by the organization, unless the individuals are negligent in their duties. A non-profit organization is created by filing a certificate of formation with the Secretary of State in accordance with the Texas Business Organizations Code. A non-

profit corporation is characterized by the fact that no part of the income is distributable to members, directors, or officers. Not all non-profit corporations are entitled to exemption from state or federal taxes.

The completion of Form 202 – Certificate of Formation Nonprofit Corporation is necessary to incorporate a booster club. This form is available on the Secretary of State’s website (refer to the References page of this document for the website address). Two copies of the signed Form 202 should be submitted along with the required filing fee.

Upon acceptance, the State will return the appropriate evidence of filing to the submitter.

FEDERAL AND STATE REPORTING

GENERAL FEDERAL REGULATORY INFORMATION

Booster club officers are solely responsible for ensuring that their booster club is in compliance with all federal regulations. Therefore, the District, including any District employee, is not responsible for a booster club not being in good standing with all federal agencies. However, the District has provided the following information that includes steps booster clubs should take to comply with federal tax regulations.

OBTAINING AN EMPLOYER IDENTIFICATION NUMBER (EIN)

Every organization must have an EIN, even if it will not have employees. The EIN is a unique number that identifies the organization to the Internal Revenue Service. 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 non-profit organization does not indicate that it is exempt from federal tax. Booster clubs may obtain an EIN by applying online, by phone (800) 829-4933, by completing Form SS-4 and faxing to (859)669-5760 or by mailing the completed Form SS-4 to: IRS, Attn: EIN Operation, Philadelphia, PA 19255. No fee is required for obtaining an EIN.

After receiving an EIN, booster clubs 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. Copies of the completed SS-4 form and the IRS response documenting the assigned EIN number should be kept in the booster club's permanent records from year to year. The booster club may also want to have the Secretary keep a backup copy of these documents on a CD.

BECOMING A PUBLIC 501(c)(3) TAX-EXEMPT ORGANIZATION

Formation of a non-profit corporation or obtaining an EIN does not necessarily entitle the organization to exemption from federal taxes; organizations must apply for tax-exempt status. In order to be exempt from federal taxes, the booster club must first complete IRS Package 1023 – *Application for Recognition of Exemption Under Section 501(c) 3 of the Internal Revenue Code*. General instructions on the rules and procedures can be found in IRS Publication 557 – *Tax-Exempt Status for Your Organization*. These

documents are available on the Internal Revenue Service website (refer to the References section for the website address). Note: when completing the IRS Package 1023, booster clubs will establish their fiscal year-end. Once this date is established, the IRS does not easily allow an organization to change it. The date established will determine when the booster club has to file their informational return (Form 990) to the IRS. Package 1023 is not required of an organization if gross receipts normally do not exceed \$5,000 per year however it is still recommended to do so.

The completed IRS Package 1023 must then be accompanied by IRS Form 8718, *User Fee for Exempt Organization Determination Letter Request*, which provides a user fee to be paid to the Internal Revenue Service. The fee will vary depending on the anticipated annual gross receipts.

Once Package 1023 and Form 8718 are completed they should be mailed along with a check for the filing fee to: Internal Revenue Service, PO Box 192, Covington, KY 41012. Upon acceptance of the organization's exempt status by the Internal Revenue Service, a determination letter will be received as evidence of approval. The letter should be kept in a safe, permanent place as it will be used time and again to prove the organization's exempt status. In addition, a copy of the letter should be shared with the school's bookkeeper and the District's Financial Services Department. Organizations may not represent themselves as tax-exempt until they have obtained notification from the IRS stating they are a tax-exempt entity. The IRS approval process for tax-exempt status usually takes several months.

ANNUAL FEDERAL FILING REQUIREMENTS

Every booster organization exempt from federal income tax under section 501(a) is required to either file an annual Form 990 *Return of Organization Exempt from Income Tax*, Form 990-N *Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required To File Form 990 or 990-EZ* or Form 990-EZ,

Short Form Return of Organization Exempt From Income Tax. The return is due by the 15th day of the 5th month after the close of the organization's tax year or fiscal year. According to the IRS, small tax-exempt organizations, such as small booster clubs, are required to file an annual electronic notice Form 990-N (*e-Postcard*). The e-Postcard is required to be filed on-line. The e-Postcard is due every year by the 15th day of the 5th month after the close of the organization's tax year. A booster club cannot file the e-Postcard until after its tax year ends. Whether or not a booster club has filed for exemption status with the IRS, it should still file the appropriate 990 form as required by exempt organizations. IRS regulations affect not-for-profit organizations and their requirements for financial reporting.

For the fiscal year ending in 2011 and later:

Booster Clubs should use **Form 990-N**, normally known as the e-Postcard if

- gross receipts are \$50,000 or less.

Booster Clubs should use **Form 990-EZ** if

- gross receipts are more than \$50,000 but less than \$200,000 and

- total assets are less than \$500,000 at year-end.

Booster Clubs should use **Form 990** if

- gross receipts are \$200,000 or more or
- total assets are \$500,000 or more at year-end.

These provisions may change so consult with a tax professional or the IRS for additional assistance.

Even though booster organizations are recognized as tax exempt, they may be liable for Federal tax on the portion of income deemed to be unrelated business income (“UBI”). UBI is income from a trade or business activity, regularly carried on that is not substantially related to the charitable, education or other purposes that are the basis for the organization’s exemption. An organization that has \$1,000 or more gross income from UBI must file Form 990-T, *Exempt Organization Business Income Tax Return*. This form is filed in addition to Form 990, 990-EZ, or 990-N and is required regardless of the level of the income received.

If the booster club’s address has changed a notification must be sent to the IRS to ensure that any IRS refund or correspondence is received. To change an address with the IRS, complete Form 8822, *Address Change Request*, and send it to the address shown on the form.

GENERAL STATE REGULATORY INFORMATION

Booster club officers are solely responsible for ensuring that their booster club is in compliance with all state regulations. Therefore, the District, including any District employee, is not responsible for a booster club not being in good standing with all state agencies. However, the District has provided the following information that includes steps booster clubs should take to comply with state tax regulations.

OBTAINING A TEXAS SALES TAX PERMIT

Some items to be sold are non-taxable however, exempt organizations must get a Sales Tax Permit and collect and remit sales tax for all taxable items it sells. Please refer to the Texas Comptroller’s website for a list of taxable and non-taxable items. Booster clubs may obtain a Texas Sales Tax Permit by submitting the completed applications to the Texas Comptroller’s Office. Booster clubs must 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 and begins with a 1, 2, or 3. The permit numbers beginning with a "1" are based on an entity's EIN. Those permit numbers beginning with a "2" are based on a person's social security number. The permit numbers beginning with a "3" are assigned by the Comptroller’s Office. Booster clubs cannot use the District's Sales Tax Permit Number. The searchable Taxpayer Information Database located at the Texas Comptroller’s website can be used to determine if a booster club has a Sales Tax Permit.

QUALIFYING FOR EXEMPTION FROM TEXAS SALES AND USE TAX

The organization must apply for an exemption from sales and franchise tax from the Texas Comptroller’s Office. To apply for exemption based on the federal exempt status, complete application AP-204 which can

be found on the Texas Comptroller's website. Also included on this webpage is an Exempt Organization Search feature that can be used to verify if a booster club is already exempt. Organizations that have received a letter of sales tax exemption from the Texas comptroller do not have to pay sales and use tax on taxable items they buy, lease or rent if the items are necessary to the organization's exempt function. Exempt organizations should claim an exemption at the time of purchase by providing a properly completed exemption certificate in lieu of paying tax to the retailer. This exemption process is separate and in addition to applying for federal tax-exemption from the IRS.

FRANCHISE TAX

Every profit and nonprofit corporation in Texas must file all franchise tax reports and public information reports with appropriate payment until the Comptroller's office has granted tax exemption. Failure to do so will cause the loss of corporate privileges as well as the forfeiture of charter by the Texas Secretary of State. Booster clubs that have received their Determination Letter from the IRS granting 501(c)(3) tax exemption may also request exemption from the Texas franchise tax through the Texas Comptroller's Office. Although a nonprofit corporation that is exempt from federal income tax under Internal Revenue Code 501(c)(3) is exempt from franchise tax, the exemption is not automatically granted. Booster clubs must apply for exemption with the Texas Comptroller's Office based on the federal exempt status.

If the mailing address for the booster club changes, immediately notify the Texas Comptroller's Office. Failure to do so may result in important correspondence being lost. To avoid frequent mailing address changes, the Texas Comptroller's Office recommends that each booster club obtain its own post office box (PO Box) or private mailing box (PMB) to be used for official booster club mail. In addition, the post office box address and keys can be given easily to the new officers at the beginning of each year.

FUNDRAISING

Prior to the start of the school year, all booster organizations should complete a fund raising application for each type of planned, scheduled or anticipated event and receive the approval of the appropriate designee. This application details the vendor (if any), product to be sold or service to be rendered, and the estimated sales proceeds.

In order to obtain the best pricing available, booster organizations are encouraged to obtain three written quotes prior to making large purchases. For substantial purchases, obtaining formalized bids is strongly recommended. Fundraiser application should detail the vendor (if any), product to be sold or service to be rendered, and the estimated sales proceeds. Fund raising projects for booster clubs should be:

- coordinated through the campus principal or appropriate director;
- for the benefit of the students;
- tied to a project identified in the current approved budget;
- in alignment with the constitution and bylaws of the club;
- in compliance with UIL guidelines, and

- shall have the approval of the campus principal and appropriate director.

Booster clubs can neither require a member to participate in fund-raising activities nor to sell or raise a certain amount. Both of these practices may jeopardize an organization's tax-exempt status with the IRS. However, booster clubs may develop specific criteria that must be met in order for a benefit to be given to a member. Some booster clubs and other supporting organizations may have credited "individual" student accounts based on a parent's participation in fundraising events. The credit was based on a proportionate share of what they "earned" during the fundraiser.

IRS REGULATIONS

The IRS prohibits tax-exempt organizations from requiring people to participate in fund-raisers. Likewise, booster clubs may not require an amount be "donated" in lieu of participating in a fund-raiser. People may choose whether or not to participate in a fund-raiser and may choose whether or not to donate to the booster club. Furthermore, if a person decides not to participate, that person cannot be excluded from having the opportunity to benefit from the fund-raiser.

In addition, benefits given by a tax-exempt organization cannot be based on participation in a fund-raiser or based on revenues raised individually. Therefore, regardless if a person participates in a fund-raiser and regardless of the amount of revenue raised, that person cannot be denied the opportunity to receive an equal benefit. The IRS prohibits the use of individual accounts by booster clubs. Booster clubs must benefit the group as a whole, not its individual members.

RAFFLES

Booster clubs are permitted, only as 501(c)3 designated organization, to hold raffles within the following guidelines:

- each ticket must indicate the name and address of the organization or of a named officer, price of the ticket, a description of each prize valued at \$10 or more and the date on which the raffle prize(s) will be awarded. No prize may be valued in excess of \$50,000, or \$250,000 if the purchased prize is a residential dwelling;
- each booster organization may hold no more than two raffles per year and only one at a time;
- tickets may not be advertised through paid advertising;
- a raffle prize may not be cash or a negotiable instrument such as a check, money order, or certificate of deposit. However, savings bonds, prepaid or "stored-value" credit cards are acceptable as they are not considered negotiable instruments.
- the booster club must have the prizes in its possession before beginning the raffle or post a bond for the full value with the county clerk;
- only members of the booster organization may sell the tickets (students may not sell raffle tickets);
- the winner must pay income tax on any prize. If the value exceeds \$600, the booster organization must provide an IRS form 1099 to the recipient; and
- phone solicitation may not be used to promote the event.

BINGO

A booster organization should consider all applicable regulations for bingo. Detailed rules may be obtained from the Texas Lottery Commission by requesting a copy of the Bingo Enabling Act, the Charitable Bingo

Administrative Rules and Bingo Operations Manual by calling 1-800-BINGO77. A Charitable Bingo may not be advertised prior to actually receiving a license. Some basic rules include:

- a person may not be denied admission to a bingo game or the opportunity to participate in a game because of race, color, creed, religion, national origin, sex, or disability or because the person is not a member of the licensed authorized organization conducting the bingo game;
- a prize may not exceed \$750 in any single game or \$2,500 in the aggregate per occasion. In the event merchandise is donated, the actual retail value may not exceed these limits;
- door prizes may not exceed \$250 per occasion;
- all bingo supplies and equipment must be purchased from a licensed distributor;
- a 5% fee must be collected from the person (s) who wins a bingo prize of \$5 or greater; and
- alcohol may not be served.

SOLICITATION PERMITS

Check city requirements for if and when solicitation permits are required.

SILENT AUCTION

A booster organization is permitted to conduct a silent auction as a form of fundraising.

SALES TAX

Booster organizations, who have applied for exemption, are exempt from sales tax when making purchases. However, when making sales, sales tax must be collected. Booster clubs may hold two “one-day, tax-free” sales or auctions per calendar year once it has obtained a sales tax exemption status from the Texas Comptroller’s Office on its purchases. For the purpose of this exemption, one day is counted as 24 consecutive hours and a calendar year is the 12-month period from January through December. A fund-raiser qualifies for the “one-day, tax-free” sale/auction if all items are to be delivered on one day, however pre-orders may be accepted in advance of the delivery date without collecting tax. Each “one-day” sale/auction may not exceed 24 consecutive hours. Sales of items such as T-shirts, candles, cups, etc. are subject to sales tax when sold on days other than the two “one-day, tax-free” sale/auction days. All catalog fund-raisers are considered taxable, and cannot be considered as one of your two “one-day, tax-free” sales per calendar year.

Your booster club is considered an agent of the vendor and, therefore, must collect sales tax for items sold that are taxable. If you plan to hold a catalog fund-raiser, tax must be collected for those items in the fund-raiser that are taxable. For instance, gift wrap is taxable, but cookie dough is exempt from sales tax by law. The vendor should remit the applicable sales tax to the Texas Comptroller’s Office. A late fee will be imposed by the Texas Comptroller’s Office to any entity failing to submit a sales tax report even if sales tax was not collected during the period.

TAXABLE STATUS OF PURCHASES

Please refer to the Texas Comptroller’s Office website for updates to taxable status of purchases.

A booster organization should provide the vendor with a valid signed exemption certificate when claiming state sales tax exempt status. Exemption certificates do not require tax identification numbers to be valid nor is the vendor required by law to honor the exemption.

The District's exemption status may not be utilized by parent, booster, patron, or alumni organizations to secure exemption from sales and excise taxes. Parent/teacher organizations and booster clubs will apply for their own exemption.

Items which become the personal property of the student (cheerleader uniforms, band t-shirts, etc.), even though connected with a school or organization, are not exempt from tax. Items which are purchased by the organization through budgeted funds as an award to a student are not taxable.

Meals purchased by the organization for athletic teams, bands, etc. on authorized school trips are exempt from sales tax if the organization contracts for the meals. The booster organization should pay for the meals with a booster club check and provide an exemption certificate.

Individual members of the athletic team, band, etc., may not claim exemption from the sales tax on the meals they purchase while on a school authorized trip.

COLLECTION AND REMITTANCE OF SALES TAXES

The booster organization shall collect sales tax on all taxable sales. 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. The sales tax reports may be due monthly, quarterly, or annually. Since sales tax payments may vary from year to year, the frequency of reporting can also change. The Texas Comptroller's Office will generally communicate changes in filing requirements to the booster clubs in writing. In addition, the Texas Comptroller's Office will generally mail the required reporting form and information to organizations that have obtained a Sales Tax Permit.

When imposing sales tax, the organization has the option of:

Adding the tax to the item's selling price - thus, if the selling price of an item were \$2.00 and the tax rate were 8.25%, the school would collect \$2.17 ($\2.00×1.0825) from the buyer for each item sold.

Absorbing the tax in the item's selling price - thus if the item sold for \$2.00 including tax, the school would retain \$1.85 and remit \$0.15 for sales tax. If this method is used, divide the total sales by 1.0825 (assuming a tax rate of 8.25%) to find the taxable sales. To determine the sales tax amount, subtract the taxable sales from the gross sales.

TAXABLE STATUS OF SALES

School and school related organizations need not collect sales tax on admission tickets, club memberships, and/or food and drinks sold at school functions;

Therefore, state and local sales taxes shall be imposed and collected on all sales for:

- items sold by the school store (i.e. pencils, erasers, paper, etc.);
- any type of booster club materials;
- any other item sold as personal property (i.e. school pictures, uniforms, sweaters, etc.);
- all sales of items such as handicrafts, T-shirts, candles, cups, books, and school supplies sold by a school associated organization during a fundraising drive;
- all other personal property except for those items specifically excluded above; and
- sales tax should be filed in accordance with the Texas Comptroller's Office guidelines.

DONATIONS

In accordance with District Policy DBD Local, school district staff "shall not accept or solicit any gift, favor, service, or other benefit that could reasonably be construed to influence the employee's discharge of assigned duties and responsibilities. [See CAA]." Students are also discouraged from accepting gifts of value. Students engaged in UIL activities shall not accept gifts except as provided by *UIL Constitution and Contest Rules*.

Donations to the District shall become the sole property of the District and not of the accepting organization. Donations should be earmarked for a specific purpose as indicated by the donating organization.

To be deductible as a charitable contribution, a payment to charity must be a gift. A gift to charity is a payment of money or transfer of property without receipt of adequate consideration and with donative intent. Generally Accepted Accounting Principles require that the asset be recorded at its fair market value at the time of the donation. The District will make no determination of value for IRS purposes.

Gifts to the District must meet the following criteria:

- shall not place restrictions on the school program;
- shall all not require the exclusive endorsement of a particular business product;
- shall not conflict with policies or actions of the Board or public law;
- shall not require extensive unanticipated District resources or maintenance; and
- shall meet established curriculum guidelines.

TITLE IX

Title IX is a federal law enacted in 1972 which protects individuals in education programs or activities from discrimination based on sex. It states that “No person in the United States shall on the basis of sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any educational program or activity receiving federal financial assistance.”

Title IX, which is promulgated by the U.S. Department of Education, applies to all aspects of education and related programs, not just athletics. It requires that equal opportunities be provided for members of both sexes. It does not require that each team receive exactly the same services and supplies, but rather that the male and female programs, collectively, receive comparable levels of service, facilities, supplies, etc.

Since booster club funding and activities are included in the analysis of the District’s compliance with Title IX, booster clubs should have an awareness of the law and the District’s requirement for compliance.

DISTRICT SERVICES

MAIL

Booster clubs may not utilize the District’s mail system.

ARMORED CAR SERVICE

Armored car service is not available to PTA or booster organizations.

EMPLOYER IDENTIFICATION NUMBER

The MISD Employer Identification Number **may not be used** for any purpose by organizations outside the District, including booster clubs.

CATERING

The food service department may provide catering for meetings within the District. Contact the Student Nutrition Department directly to arrange for any catering services.

SAFEKEEPING

PTA or booster clubs may not store funds on campus for safekeeping for a period exceeding 48 hours. A secure safe with a drop slot would be recommended.

MISCELLANEOUS

The following guidelines apply to all parent/booster organizations. If a question should arise which cannot be resolved at the campus level, the appropriate director should be contacted for clarification.

- All meetings shall be public and announced in advance in accordance with the bylaws;
- The principal, director or designee (most often it would be the sponsor or coach) must be present

at all booster meetings.

- Any action taken at the meeting will be subject to review and revocation of the campus principal or appropriate director. The regular school program and extra and curricular activities of the school and programs sanctioned by TEA, UIL and district affiliated organizations will take precedence over booster activities.
- Parents and booster club members are expected to follow the same standards of conduct as district employees when chaperoning, sponsoring, or attending student activities, including rules in the campus handbook.
- Each individual student's or group of students' participation will be determined by the sponsor and the campus principal or appropriate director and not by the organization or any member(s). Participation is considered to be a privilege and not a right, and will be based on a proven record of good conduct and dependability. Lack of such demonstrated behavior on the part of anyone will be grounds for disapproval for participation and travel.
- There will be no student activities, parties, meetings, travel, or other gathering in the name of the school organization or booster organization unless prior permission has been received from the campus principal or appropriate director and the campus principal or appropriate director or the sponsor is present. All activities will be under the auspices of the school and the District.
- School employee and student planning and preparation for activities supported by the booster organization will occur outside the school day or as approved by the campus principal or appropriate director.
- Participation in any activity or travel associated with booster activities is a privilege and not a right for all involved. All student and employee travel will be under the auspices of the school and all participants will be approved by the sponsor, campus principal or appropriate director.
- No cash should be given to any school employee to use at his or her discretion. Booster Club debt or credit cards are not encouraged.
- The purchase or consumption of alcoholic beverages while on school property or in the presence of students is specifically prohibited.
- Organizations should not directly support political activities by providing campaign donations or placing advertisements in support of a particular candidate as doing so could jeopardize the tax-exempt status of the organization. If a candidate running for office is invited to join a meeting, all candidates running for the offices be extended an invitation to the event
- Minutes of the meetings should reflect club approval to pay for expenses of sponsors or chaperones on student activities trips. Overnight trips of students must include a campus administrator to be funded by the club or booster organization.
- Upon dissolution of a booster organization, a private termination letter ruling should be requested from the Internal Revenue Service.

BULK MAIL

To be eligible for the minimum rate per piece, the booster organization should apply to the post office for a nonprofit permit by providing the postmaster with the following:

- a copy of the Internal Revenue Service exemption ruling;
- completed application to mail at Special Bulk Third Class Rates for nonprofit organization; and
- copy of the booster organization's bylaws.

When mailing by bulk third class, there must be no less than 200 pieces, which must be identical in size, weight, number of enclosures, and content. The pieces must be presorted by zip code and bundled with an identifying label on each bundle. In order to ensure compliance with bulk mail regulations, it is recommended that you have the local post office review all the pieces prior to printing to make sure that the organization meets all the requirements for bulk mailing.

TOP 10 WAYS TO PROTECT YOUR ORGANIZATION

1. Money should never be kept at any members' home.
2. Two people should always count the money, and both should sign the receipt verifying the amount.
3. Two signatures should be required on all checks.
4. Have a member who does not have check signing authority review the bank statement monthly before giving it to the treasurer. This person is looking for red flags including: checks showing up in non-sequential order, checks made out to cash, cash withdrawals, checks written out to non-approved vendors, checks written for non-approved expenses, and checks written out to individuals.
5. Never sign a blank check or a check made out to "cash".
6. Arrange to deposit money at soon as the conclusion of the project.
7. Money should be deposited into the organization's bank account daily, even if a project is ongoing.
8. All bills should be paid by check, never cash.
9. Conduct an annual audit of the books.
10. Incoming officers should never accept financial records from the prior officers without having them audited.

REFERENCES

Web Sites

Mansfield ISD website	www.mansfieldisd.org
Internal Revenue Service	www.irs.gov
UIL	www.uil.utexas.edu
State Comptroller	www.window.state.tx.us
Secretary of State	www.sos.state.tx.us
City of Mansfield	www.mansfieldtexas.gov/
GuideStar	www.guidestar.org

Phone Numbers

State Comptroller

Austin Office	1-800-252-5555
Exempt Organizations Dept.	1-800-531-5441 ext. 34142
Secretary of State	512-463-4600
University Interscholastic League	512-471-5883
Director of Finance	817-299-6311
Fine Arts Department	817-299-1235
Athletics Department	817-299-5200

Policy Reference

Grants from Private Sources	CDC (LEGAL)
Activity Funds Management	CFD (LEGAL) (LOCAL)
Student Activities	FM (LEGAL) (LOCAL)
Contests and Competition	FMF(LOCAL)
Gifts and Solicitations	FJ (LEGAL) (LOCAL)
Parents' Organizations	GE (LEGAL) (LOCAL)
	GKB (LEGAL) (LOCAL)
Gifts and Solicitations	DHA (LEGAL)

Current policy and regulations may be found at <http://www.mansfieldisd.org>

