BOOSTER CLUB GUIDELINES

The Kilgore Independent School District is an equal opportunity employer and provides educational programs and services which do not discriminate on the basis of age, national origin, race, sex, color, religion, disability or against any other legally protected group.

FORWARD

This manual is designed to assist booster club officers and members by providing organizational and financial guidance. Only approved organizations, operating under state and federal laws, Kilgore Independent School District (KISD) Board policies, District procedures, and the KISD Booster Club Guidelines shall be allowed to use the school name and/or facilities in support of its programs. Specific questions regarding booster activity should be addressed to the business office.

Booster clubs should always keep in mind that the main purpose of any booster club or parent organization is to support and strengthen the District, the programs, and the students of the District as a whole. While doing so, they should uphold the highest standard of conduct and exude characteristics that would shed a positive light on the community, District and students of KISD.

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GENERAL GUIDELINES

In the Kilgore Independent School District (KISD), we encourage the participation and involvement of parents in the education of their children. One way parents can be involved is through participation in voluntary parent organizations such as Parent Teacher Associations (PTA) and booster clubs also known as parent organizations.

- A PTA is formed to promote the general welfare of the entire student body at a particular school.

- A booster club is formed to enrich the school's participation in extracurricular activities and normally involves an individual student group (band, football, Ag, etc.).

- The principal and superintendent of schools must approve the formation of all booster clubs.

- Booster clubs operate autonomously of the school District as separate parent organizations even though they generally exist solely to support school activities.

- The KISD Booster Club Guidelines are a consolidation of updated guidelines and previously issued documents designed to provide booster clubs, principals and sponsors with financial procedures that are mandated by state and federal law, the Internal Revenue Service (IRS), Board policy, administrative directives and good business practices.

- The responsibility for accounting, safeguarding and disbursement of funds rests with the parent organization officers. The principal may act in an advisory capacity only.

- This manual provides general, not specific or all-inclusive tax information as it relates to parent organizations. It is each organization's sole responsibility to seek competent professional tax assistance for its own tax reporting requirements.

- Booster clubs should strive to remain in good standing with all federal and state agencies. This includes paying all taxes and other debts incurred by the organization.

- A booster club may not represent the District nor bind the District or any of its employees to a third party with which the organization may conduct business.

- A 'petty cash' or miscellaneous fund for a teacher, coach or sponsor to use at his/her discretion may not be established.

- All meetings of booster clubs must be public meetings.

- Minutes of all booster club meetings should be kept in writing in the permanent records of the organization.

- Each booster club shall operate under bylaws and shall submit a current copy to the KISD business office.

- All booster clubs must obtain a unique tax identification number/Employer Identification Number (EIN). Booster clubs are not permitted to use the District's EIN or its Texas Sales Tax Permit Number.

FORMATION OF A BOOSTER ORGANIZATION

CERTIFICATE OF FORMATION (Formerly Articles of Incorporation)

A non-profit organization is created by filing a Form 202 Certificate of Formation Nonprofit Corporation **(Appendix A)** with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. A non-profit corporation is characterized by the fact that none of the income of the organization is distributable to members, directors, or officers.

Form 202, which is available on the Secretary of State's website at http://www.sos.state.tx.us/corp/forms/202_boc.doc, also includes general information for completing the form. Two copies of the signed Form 202 should be submitted along with a filing fee. An additional copy should be retained with club records.

Upon acceptance by the Secretary of State, a certificate of incorporation will be issued which serves as conclusive evidence of corporate existence. Please retain one copy with club records and submit one to the KISD Business Office for District records.

BYLAWS (See Appendix C)

Each booster organization must maintain bylaws that are jointly reviewed on an annual basis by the program director and the booster club officers. The rules of membership shall be clearly stated in the bylaws. Only active members in good standing shall be permitted to hold office or vote upon any matter of business of the organization. The bylaws must address the organization's fiscal year, structure and the method to be used to elect officers.

STATE AND FEDERAL REPORTING

EMPLOYER IDENTIFICATION NUMBER

The KISD Employer Identification Number is not available to parent groups for use. If accounts exist with such number, every effort should be made to correct this information as soon as possible.

Each organization must file for an employer identification number on Form SS-4, **(Appendix B)** *Application for Employer Identification Number*. This form may be downloaded from http://www.irs.gov/pub/irs-pdf/fss4.pdf. It is possible to apply for an employer identification number using the telephone by dialing (800) 829-4933. The employer identification number will be issued immediately by the Internal Revenue Service during the call process. However, the organization is still required to file a form SS-4 with the IRS.

APPLICATION FOR FEDERAL TAX EXEMPTION

Formation of a non-profit corporation does not necessarily entitle the organization to exemption from federal taxes. In order to be exempt from federal taxes, the booster club must apply for this status on Form 1023 – Application for Recognition of Exemption Under Section 501(c)3 **(Appendix D).** Form 1023 may be downloaded from the IRS website at http://www.irs.gov/pub/irs-pdf/f1023.pdf. Instructions for completing Form 1023 **(See Appendix E)** may be obtained from http://www.irs.gov/pub/irs-pdf/i1023.pdf.

General instructions regarding the tax exempt status for your organization are located in IRS Publication 557 – How to Apply for Recognition of Exemption for an Organization and may be viewed at http://www.irs.gov/pub/irs-pdf/p557.pdf.

The Form 1023 application must be accompanied by Form 8718, *User Fee for Exempt Organization Determination Letter Request* **(See Appendix F)**, which provides a user fee to be paid to the Internal Revenue Service. Depending on the anticipated annual gross receipts, the fee ranges from $300 to $900. Form 8718 may be downloaded from the IRS website address http://www.irs.gov/pub/irs-pdf/f8718.pdf.

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 forwarded to the KISD Business Office.

APPLICATION FOR STATE TAX EXEMPTION

Organizations may apply for an exemption from Texas sales tax by completing Form AP-205-2 **(Appendix G)** from the Texas State Comptroller's office. Further information may be obtained by calling the Comptroller Tax Assistance staff at (800)252-5555 or from the Comptroller's web site at http://www.window.state.tx.us/taxinfo/taxforms/ap-205.pdf.

The completed Form AP-205-2 application, along with a copy of the IRS determination letter granting federal tax exemption should be submitted to:

Comptroller of Public Accounts
Exempt Organizations Section
P.O. Box 13528
Austin, TX 78711-3528

ANNUAL FILING REQUIREMENTS

Form 990/990EZ/990N

Every booster organization exempt from federal income tax under section 501(a) is required to determine the necessity of filing an annual Form 990, Return of Organization Exempt from Income Tax **(Appendix H)**. A shorter version of the form, Form 990-EZ **(Appendix I)**, is available for entities whose gross receipts during the year were less than $100,000 and total assets at year-end were less than $250,000.

Beginning in 2008, charitable organizations not required to file a Form 990/990EZ must electronically file a Form 990N with the IRS that states the following information:

Organization's legal name and mailing address
Any other names the organization uses
Organization's employer identification number
Name and address of principal officer of the organization
Organization's year end
Confirm that the organization's annual gross receipts are less than $50,000.
If applicable, a statement that the organization has terminated

If an organization fails to file this information three consecutive years, the organization will automatically forfeit its 501(c)(3) status. To regain its charitable status, the organization will have to resubmit Form 1023.

UNRELATED BUSINESS INCOME (UBI)

Even though booster organizations are recognized as tax exempt, they may be liable for 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 or 990-EZ and is required regardless of the level of the income received.

1099 REQUIREMENTS

Internal Revenue Service guidelines require that all payments for services or miscellaneous income in excess of $600.00 made to an individual by a booster organization be reported on a Form 1099-MISC (Miscellaneous income) **(Appendix J)** on an annual basis. The booster organization should secure an IRS Form W-9 **(Appendix S)** 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-MISC to all qualifying vendors performed in the calendar year by January 31st.

According to the IRS Instructions for Form 1099-MISC **(Appendix K)**, a Form 1099-MISC must be filed annually for each person to whom you have paid during the year:

- At least $600 in rents, services (including parts and materials), prizes and awards, other income payments, etc.

The Internal Revenue Service web site should be accessed for appropriate 1099 reporting requirements and forms at http://www.irs.ustreas.gov.

KISD REQUIREMENTS

A copy of the following information is due annually to the KISD business office as soon as all yearly transactions are complete but no later than August 31:

- Annual financial recap
- Form 990/990EZ/990N
- State sales tax reports
- Annual financial audit report
- Minutes detailing officer elections

ORGANIZATION

The booster organization shall elect the following officers on an annual basis:

PRESIDENT

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

- Regularly meet with the designated District representative regarding booster activities;
- Preside at all meetings of the organization;
- Resolve problems in the membership;
- Regularly meet with the treasurer of the organization to review the organization's financial position;
- Schedule annual audit of records or request an audit if the need should arise during the year;
- 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 must remain familiar with the organization. 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;
- Perform other specific duties as outlined in the bylaws of the organization.

SECRETARY

The secretary is responsible for keeping accurate records of the proceedings of the association and reporting to the membership. The secretary must ensure the accuracy of the minutes **(Appendix L)** 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:

- 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;
- 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:

- 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 on a weekly basis (daily if receipts on hand exceed $ 250.00);
- Present a current financial report to the executive committee and general membership within thirty days of the previous month end;
- File current financial reports with the District representative on a monthly basis;
- Maintain an accurate and detailed account of all monies received and disbursed;
- Establish permanent file for financial related records;
- Reconcile all bank statements as received and resolve any discrepancies with the bank immediately;
- File sales tax reports as required by the comptroller's office (monthly, quarterly, or annually);
- File annual IRS form 990/990EZ/990N in a timely manner;
- Submit records to audit committee appointed by the organization upon request or at the end of the year;
- Submit annual financial recap, Form 990/990EZ/990N, sales tax reports and a copy of the annual financial audit to the KISD business office at year end;
- 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

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 must make the ruling to the organization – he is not obligated to follow the recommendation of the parliamentarian. The parliamentarian should be thoroughly familiar with the bylaws and any standing rules of the group on which he serves. A copy of *Roberts Rules of Order Newly Revised* should be maintained by the organization and referenced as needed.

SPECIAL COMMITTEES

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. The special committee may not be able to complete its assignment during a school year and members may function into the ensuing year until the purpose of the committee has been achieved. Individuals who have a conflict of interest shall 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.

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.

AUDIT COMMITTEE

At the end of the fiscal year, an audit of the booster club's financial records should be conducted. The audit should be performed by someone who is independent from day-to-day financial activities. Ideally, this audit should be performed by a group of three individuals; however, if the membership size does not allow, the audit may be performed by two individuals.

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 funds have been followed;
- Ensure expenditures occurred in a manner consistent with organization's bylaws;
- Ensure that all revenues have been appropriately received and recorded;
- Verify that annual federal and state forms have been filed.

The audit committee shall make a report to the general membership upon completion of the audit. Any discrepancies noted shall 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.

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 complete 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.* At no time should officers be appointed without the input and approval of the membership.

It is the preference of the District Administration that employees not serve in an official capacity for any booster club or PTA. However, if there is no other option, a district employee may gain permission to serve by filling out **"Authorization for Employee to be an Officer"** form and submitting it to the Business Office once all signatures have been obtained.

STANDARDS FOR MEETING

Notice of all meetings of the booster organization should be published at the school office/administration building 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. Such booster meetings may not occur without the presence of the campus principal or administrator in attendance. Business determined at meetings without adequate program director representation shall be considered null and void. If a booster organization feels that it is necessary to meet without a campus administrator or sponsor, the appropriate District administrator should be contacted for an acceptable replacement.

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 a dissolution be submitted to a vote at a special meeting of the members having voting rights. 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. Any other distribution of funds could void the organization's tax exempt status and force it into a fully taxable situation.

PUBLIC DISCLOSURE

A nonprofit organization must provide copies on request of its original application for tax exemption, including any supporting documents filed by the organization in support of its application, plus any letter document issued by the IRS in connection with the application. In addition, the organization must provide copies of its annual IRS information returns for the past three years, including all schedules and attachments. When a request for information is made in person, the booster organization is required to furnish the requested information immediately under IRS guidelines. If the request is in writing, the documents must be furnished within 30 days from the date of the request.

Organizations are exempt from the above requirements if they have made the documents widely available, such as posting them on a web site, or if it can be demonstrated that the requests are part of a harassment campaign. If the organization elects to post the information on a web site, specific IRS criteria must be followed which produces an exact reproduction of the information – HTML format is not acceptable.

FINANCIAL INFORMATION

METHOD OF ACCOUNTING

There are a wide variety of computerized accounting packages available to assist the organization in accurate financial reporting – manual record keeping is not the recommended method of reporting. Rather, each organization should adopt an accounting package or computerized accounting method to be used for several fiscal years. Establishing records in a spreadsheet format is perfectly acceptable, although somewhat cumbersome. It is preferable to adopt an accounting package for long-term use. The packages chosen should be reviewed on a biannual basis for effectiveness and accuracy of financial reporting. Packages should also be evaluated based upon their ease of use and overall cost, both financial and training, to the organization.

At a minimum, the membership should be provided with a financial statement and bank reconciliation at each meeting. The financial statement should detail the budget to actual expenditures and receipts. Cash receipts and disbursement reports should be available for review when needed or at the annual audit. An annual financial recap is to be submitted to the KISD Business Office each year as soon as all yearly transactions are complete or by August 31 on the KISD Financial Report for Kilgore Independent School District form **(Appendix M)**.

CASH RECEIPT PROCEDURES

All cash collections received by the booster organizations for fees, dues, fundraising, etc., must be deposited upon receipt. All funds must be supported by some type of record documenting the source and amount of funds (KISD Tabulation of Monies Collected form-**(Appendix N)**, Deposit/Receipt Summary form-**(Appendix O)**, ticket sales record, etc.). Such documentation must be readily available for audit purposes. Deposits shall be made daily if the total receipts on hand exceed $250. If daily receipts are less than $250, deposits shall be made within one week even if the receipts for all days combined are less than $250. All money must be deposited prior to holidays and weekends.

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

- Separate all currency and coins by denomination and carefully count and record it in the appropriate section of the bank deposit form.
- A tape may be run of any checks included in the deposit rather than individually listing the checks on the deposit slip form. A copy of the tape should be retained with your copy of the deposit records.
- Total the deposit slip.
- Tally the pre-numbered cash receipts and make certain that this total matches the total deposit.
- Attach the cash receipt verification with a copy of the deposit slip and file in date order.
- For large deposits, another individual should independently count the currency (excluding coins and checks) and verify that the currency has been correctly recorded on the deposit slip by initialing the entry.
- Both individuals should initial the currency figure listed on the deposit slip.
- 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 not correct.

PETTY CASH

Each booster organization may maintain a petty cash account. Strict controls must be maintained by keeping petty cash in a locked box accessible by only the treasurer and one other officer. Control of the petty cash account by a District employee is not allowed. The petty cash funds should be used for emergency purchases only. All other purchases should be made with a booster club check.

BANK RECONCILIATION

Upon receipt of the monthly bank statement, the balance indicated on the statement shall be reconciled to the bank account balance in the general ledger as of the last day of the month.

Items needed to complete the bank reconciliation:

- Prior month's bank reconciliation
- Bank statement
- Check Register and/or Cash Disbursements Journal
- Cash Receipts Journal
- General Ledger

To complete the bank side of the reconciliation form:

- List the ending balance shown on the bank statement.
- Check off outstanding checks from prior month's bank reconciliation using the bank statement.
- Determine the outstanding checks by comparing the Check Register to the bank statement, including any remaining checks from the previous month.
- Determine the deposits in transit by comparing the Cash Receipts Journal to the bank statement.
- 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.
- 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:

- Indicate cash account ending balance from the general ledger.
- Compare the bank statement to the Check Register and list any cleared checks that were not posted.
- Indicate any outstanding returned checks.
- Indicate the interest earned per the bank statement. This amount should be immediately posted.

- Identify any items that need to be corrected on the General Ledger (such as immaterial encoding errors) under Other Adjustments.
- 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.

DISBURSEMENT OF FUNDS

All requests for disbursement must be made from established budget line items. If a request exceeds the budget or is for an item not previously included in the budget process, a vote of the membership must be taken prior to expenditure. Direct payments and gifts to employees and alcoholic purchases are not permitted uses of booster funds.

Booster organizations may not contribute funds in an effort to increase the personnel allocations and/or stipends of a particular program or campus without the express written approval of the appropriate Assistant Superintendent.

A Booster Club Check Requisition Voucher form **(Appendix P)** should be completed for all expenditures regardless of the amount. The appropriate supporting documentation (invoices, receipts) should be attached to the disbursement form and filed in check number order. At no time should a check be issued without the appropriate supporting documentation.

FUNDRAISING

Prior to the start of the school year, all booster organizations shall complete a Request for Fundraiser Approval form **(Appendix Q)** for each fundraiser planned, scheduled or anticipated event and receive the approval of the program director and District Superintendent. A copy of this application must be forwarded to the KISD Business Office for tracking purposes. This application details the vendor (if any), product to be sold or service to be rendered, and the estimated sales proceeds. In accordance with Southern Association Guidelines, door-to-door solicitation will not be allowed. District practice requires contracts with solicitation firms to be approved by the Superintendent.

RAFFLES

Booster clubs are permitted to hold raffles within the following guidelines:

- Each ticket must indicate the name and address of the organization, name of an officer, price of the ticket and a description of each prize valued at $10 or more. No prize may be valued in excess of $25,000;
- 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; guns, ammunition
- The booster 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;
- 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;
- Phone solicitation may not be used to promote the event.

If students are involved in fundraising activities, they may not earn credit for any rewards based upon amount of money raised in fundraising event. According to IRS restrictions placed on tax-exempt organizations the organization must benefit the organization/group as a whole instead of benefiting individual members of the group.

Example
Underwater Basket Weaving Booster Club is having a fundraiser to help with the cost of sending their club to Sea World. Of the 100 total students in the group only 50 participated in the fundraising event raising $1,000. The $1,000 must be allocated to all students participating in the field trip. If all 100 students attend they could be credited $10 each.

SALES TAX

TAXABLE STATUS OF PURCHASES

- A booster organization must provide the vendor with a valid signed exemption certificate when claiming state sales tax exempt status. Exemption certificates do not require numbers to be valid nor is the vendor required by law to honor the exemption.
- The District exemption status may not be utilized by parent, patron, or alumni organizations to secure exemption from sales and excise taxes. Parent/teacher organizations and booster clubs must 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 must pay for the meals with a booster 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.

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 x 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 the following:

- Admission tickets;
- Club memberships;
- Sale of food and soft drinks sold during a regular school day, subject to an agreement with the proper school authorities;
- Food and drinks sold at PTA carnivals;
- Vending machine sales;
- Meals and food products, including candy and soft drinks, served in an elementary or secondary school during the regular school day;
- Candy and food items sold through fundraising drives by PTA or students of the school who are under eighteen years of age;
- Two tax-free sales of otherwise taxable merchandise per calendar year, per school, per organization are allowed. A record of the sale must be maintained in the minutes of the organization.

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.

Sales tax should be filed in accordance with the Comptroller's guidelines (typically on an annual basis). Further information can be found on the comptroller's web site at www.cpa.state.tx.us/taxinfor/salestax.

DONATIONS

School district staff and students are 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. In accordance with Regulation CDC, gifts to the District must meet the following criteria:

- Must have a purpose consistent with established District standards;
- Shall not place restrictions on the school program;
- Shall not require the endorsement of a particular business product;
- Shall not conflict with policies or actions of the Board or public law;
- Shall not require extensive District maintenance;
- Shall meet established curriculum guidelines.

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 donation 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 Internal Revenue Service purposes.

(See Appendix R)

SCHOLARSHIP PROGRAMS

The District encourages scholarship programs which meet the following criteria:

- All qualifying seniors must have the opportunity to apply for the scholarship(s).

- To be eligible for a scholarship, students must complete an application, even if awards are given to all eligible graduating seniors.

- The application process must be clearly communicated, and the application forms must be readily available to all potential applicants and their parent and/or guardian before the end of the first grading period of the academic year.

- The Scholarship Review Committee must consider all qualifying applicants.

- The Scholarship Review Committee must to be appointed by the President of the booster club before the first day of the academic year.

- The Scholarship Review Committee must be made up of an odd number (5-7) of members (parents from the Booster Club who do not have children eligible for consideration for the scholarship, interested teachers, campus administrators, and/or the sponsor). Many times the sponsor is an ex-officio member of the Scholarship Review Committee and not an actual voting member so that the sponsor is a source for additional information/input to the Scholarship Review Committee and a final review resource for the Scholarship Review Committee decisions.

- The qualification criteria for selection of scholarship winners (if any) must be communicated in writing to all potential applicants before the end of the first grading period of the academic year and may not be changed during the scholarship award

period. Any changes to the scholarship qualification criteria must be recommended by the sponsor and voted on by the booster club membership no later than the May booster club meeting for changes effective in the upcoming academic year.

- The application scoring, decision materials, tabulation, notes, certified recordings, and/or any other documentation used by the Scholarship Review Committee in connection with a given applicant shall be made available upon written request to that applicant. An open records request fee may be charged for this service. Scholarship Review Committee must retain the original materials for a minimum of seven years.

- Scholarship applicants shall be full-time KISD senior students for a minimum of one full semester prior to the application deadline.

- All completed applications must be turned in to the KISD Senior Counselor no later than the deadline set for local scholarship applications.

- All scholarship applications which do not have the required information will be considered incomplete and returned to the applicant.

- Scholarship awards may not be "need" based, but applicants who have received full scholarships from other sources may not be eligible for local scholarships.

- The applicant's intended major may or may not be a factor in scholarship consideration.

- The applicant's enrollment in an accredited institution (college, university, trade school, military academy, etc.) is a requirement for receiving scholarship funds. Payment of the scholarship must be made to the institution or reimbursed to the student after proof of related expenditures.

- If the Booster clubs awards a scholarship to every graduating senior the maximum scholarship permitted by District policy is $500.

Other areas where scholarship points may be earned should include responsibility, character, outside activities, leadership, academics, attitude, behavior, attendance, participation, service, involvement, attitude, and others at the sponsor's discretion.

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 District administrator should be contacted for clarification.

- All meetings shall be public and announced in advance (minimum of 72 hours);

- The program director/sponsor or designee must be present at all booster meetings;

- Any action taken at the meeting will be subject to review and revocation of the sponsor or principal;

- The regular school program and extra and co-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 principal 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 sponsor and the principal 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 of the school day or as approved by the principal.

- Activities and travel sponsored by booster organizations must be outside the school day or as approved by the appropriate District Administrator.

- The educational purposes of all activities should be a major consideration - there will be no travel for purely leisure or recreational purposes;

- Participation in any activity or travel associated with booster activities is 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 and principal.

- No cash will be given to any school employee to use at his or her discretion;

- The purchase or consumption of alcoholic beverages while on school property or in the presence of students, is specifically prohibited;

- Organizations shall 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;

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

- Booster organizations may not contribute funds for contracted services or campus travel to enhance professional development without the express written approval of the superintendent.

REFERENCES

Web Sites

KISD Web Site	www.kisd.org
Internal Revenue Service	www.irs.ustreas.gov
UIL	http://www.uil.utexas.edu/policy/booster_clubs.html
State Comptroller	www.window.state.tx.us/info
Secretary of State	www.sos.state.tx.us

Phone Numbers

Internal Revenue (Form1023 Assistance)	877-829-5500
Internal Revenue (Form SS-4 EIN Phone Application)	800-829-4933
Internal Revenue (Federal income tax filing requirements)	800-829-3676
State Comptroller of Public Accounts	800-252-5555
Secretary of State	512-463-5555
University Interscholastic League	512-471-5883

KISD Board Policy

Grants from Private Sources	CDC(Legal)
Activity Funds Management	CFD(Local)
Student Activities	FM(Legal)
Contests and Competition	FMF(Local)
Gifts and Solicitations	FJ(Local)
Relations with Parents or Parents' Organizations	GE(Legal)
Advertising and Fundraising in the Schools	GKB(Legal)

APPENDICES

Appendix A: SOS Form 202 Certificate of Formation

Appendix B: Form SS-4

Appendix C: Sample Bylaws

Appendix D: IRS Form 1023 Application for Recognition of Exemption

Appendix E: Instructions for Form 1023

Appendix F: IRS Form 8718 User Fee for Exempt Organization

Appendix G: Texas Application for Sales Tax Exemption

Appendix H: IRS Form 990 Return of Organization Exempt from Income Tax

Appendix I: IRS Form 990-EZ Short Form Return of Organization Exempt from Income Tax

Appendix J: IRS Form 1099-Misc

Appendix K: Instructions for IRS Form 1099-Misc

Appendix L: Sample Meeting Minutes

Appendix M: Financial Recap Report

Appendix N: Cash Count Tabulation Worksheet

Appendix O: Deposit/Receipt Summary

Appendix P: Booster Club Check Requisition Voucher

Appendix Q: Request for Booster Club Fundraiser Approval

Appendix R: Sample Scholarship Candidate Information Sheet

Appendix S: IRS Form W-9

Appendix T: Authorization for Employee to be an Officer

Appendix U: Audit Checklist for KISD Booster/Support Organizations

Appendix V: Booster Club Fundraise Financial Recap