



Booster Club & PTO Guidelines

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I. Role of Booster Clubs and PTOs in SISD

The primary objective of a Parent Teacher Organization (PTO) or Booster Club (BC) is to encourage the cooperation of parents, students, school staff, and community members to enrich and complement the education and extracurricular activities of SISD students. SISD is grateful to PTO/BC officers and members for their dedication to this task.

Although PTOs/Booster Clubs are individual 501(c)(3) tax-exempt organizations, their activities impact the district and the public perception of the district, SISD has the authority to regulate these organizations.

The main responsibilities of a PTO/Booster Club, a sponsor, and a principal are discussed below:

- A. **PTO/Booster Club** - A PTO/BC supports students and staff at any campus. Support ranges from volunteering at the school or providing refreshments for an event to raising money for an out-of-state competition. Principals/sponsors select, plan and organize all student activities and PTO/booster clubs support the event by raising funds or volunteering at the event as invited by the campus.
- B. **Sponsor/Liaison** - Under the supervision of the campus principal, a sponsor of a student group is the liaison between the booster club and the school/district. With the approval of the campus principal, the sponsor determines the activities and trips in which the student group will participate and guides the booster club to support the student group. The sponsor may not be considered an officer or voting member of the booster club.
- C. **Principal** - The principal is responsible for approving the formation of a PTO/Booster Club, the activities of the student group and some activities of the PTO/Booster Club.

PTO/Booster Club officers are solely responsible for ensuring their organization's compliance with all state and federal regulations; SISD and district employees do not share this obligation. If needed, PTO/BCs should obtain competent, independent counsel (Certified Public Accountant [CPA] or an attorney) on related accounting and tax matters at the expense of the PTO/BC.

ROLE OF BOOSTER CLUBS and PTOs

Booster Clubs and PTOs shall organize and function in a way consistent with the District's philosophy and objectives, within adopted Board policies, and in accordance with UIL regulations as applicable.

District Booster Clubs shall:

1. Be voluntary and provide unified support for student activities of the school.
2. Encourage involvement by all parents of students participating in the supported activity.
3. Use school facilities only with prior approval of the principal.
4. Obtain approval of the principal or designee for all fundraising activities.
5. Submit the name, address, and telephone number of all current officers to the Campus Principal and the Director of Business and Finance by September 1st. Two signatures will be required on all checks.
6. Provide evidence of adequate insurance coverage for activities conducted on school premises. The District cannot provide insurance coverage for Booster Clubs.
7. Pay all taxes and other debts incurred by the organization. (State sales tax and series 990 form to the IRS)
8. Comply with administrative regulations and Board policies when donating money or gifts to the District.
9. Comply with UIL guidelines, District policies, and Federal and state tax laws.
10. Obtain tax exempt status 501(c)(3).
11. Obtain an Employer Identification Number (EIN).
12. Must have bylaws that address all the topics listed in the UIL Guidelines (found in Resources), if applicable.
13. Follow all trademarking and advertising guidelines.

District Booster Clubs and PTOs shall NOT:

1. Be involved in decision or policy making activities for a student group.
2. Give a sponsor or coach a gift or cash in excess of the limits imposed by the UIL guidelines (\$500) from any source in recognition of, or appreciation for coaching, directing, or sponsoring student activities.
3. Give anything (including awards) to students without prior approval from school administration.
4. Give a member any gift without the approval of the club membership.
5. Athletic Booster Clubs shall not directly employ or pay any member for services rendered with Booster Club funds.
6. Direct, employ, contract, supplement or in any way compensate a consultant, clinician, accompanist, or paraprofessional for work performed for the student activity without prior approval from director and campus principal.
7. Sign contracts or pay expenses directly from Booster Club accounts for any arrangements for student travel associated with the organization. (Booster groups/individuals may donate money/merchandise to the school with prior approval from administration). (Ex. Charter buses)
8. Use the District tax identification number as the Booster Club/PTO identification number.
9. Use the District sales permit numbers as the Booster Club/PTO sales permit number.
10. Give cash to any school employee to use at his or her discretion.
11. Attempt to influence the sponsor, principal or other administrator's decisions or be a lobbying group concerning matters which are duties assigned to the district personnel, such as trips, staffing, and schedules.

II. Bylaws

Definition of bylaws

Bylaw musts

Election of Officers

Role of Officers

Committees

Standards for Meetings

Rules for Dissolution

BYLAWS

All Booster Clubs and PTOs that are formed to support a Silsbee ISD extracurricular activity must have bylaws that address all the topics listed in the UIL Guidelines. Please see this link for UIL Booster Club Guidelines: <http://www.uiltexas.org/files/booster-guide.pdf>

What are bylaws?

Booster Club & PTO's bylaws provide the rules for how your organization operates, including how often meetings are held, how voting is conducted and the like. The bylaws should contain the detail of the rules of membership. **Bylaws must address the organization's fiscal year, organizational structure, and the methods used to elect officers.**

Bylaws must be submitted to the Office of the Director of Business and Finance when registering a Booster Club/PTO. The Director of Business and Finance, or their designee, will review the bylaws to make sure that all the required topics are addressed, but does not have the authority to change the bylaws. If the bylaws are incomplete, the Booster Club/PTO's registration will be denied until the missing topics are included in the bylaws.

Bylaw's must:

- Be approved by Director of Business and Finance
- Address the organizational structure
- Address the methods used to elect officers
- Contain the rules of membership
- Include how meetings will be publicized and conducted
- Address the organization's fiscal year
- Not allow one person to hold multiple offices
- Address the dissolution of a booster club

Election of Officers:

- Only active members in good standing shall be permitted to hold office or vote upon any matter of business of the organization.
- No officer shall be permitted to hold more than one office at the same time.

At a minimum, the Booster Club/PTO shall elect the following officers on an annual basis. Each officer should receive a printed copy of the guidelines. Each officer must read the manual and return a signed acceptance form (in Resource section) to the campus principal before the first meeting of the new school year.

Role of 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 meet with the treasurer of the organization to review the organization's position.
- Schedule annual audit of records or request an audit in the need should arise during the school year.

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.

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 meeting minutes and have a thorough knowledge of parliamentary law and the organization's procedures. 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.
- Maintain the records of the minutes and any standing committee rules, current membership and committee listing.
- Record all business transacted at each meeting.
- Maintain records of attendance of each member.
- Conduct and report on all correspondence on behalf 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 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 on 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.
- Issue a receipt of monies received and deposit said amounts on a weekly basis (daily if receipts on hand exceed \$250.00).
- Present/Maintain a current financial report including bank statements, bank reconciliations, and financial statements and be able to give them to the Director of Business and Finance when requested. Copies should be available for review by the general membership as requested.
- File financial reports by September 1 each year with the district executive board.

- Maintain 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 State Comptroller's office (monthly, quarterly, or annually).
- File annual IRS form 990 in a timely manner.
- Submit records to the audit committee appointed by the organization upon request or at the end of the year.

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

Committees

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 so the election may be held.

Once officers are elected for the coming year, the newly appointed secretary must submit names, addresses and phone numbers of the new officers to the campus principal or designee.

The secretary and treasurer of the organization shall turn records over to the incoming officers within thirty (30) days of the election. Records should be kept for a period of ten (10) years for audit purposes.

Standing Committees

Standing Committees can include but are not limited to:

- Nominating Committee
- Banquet Committee
- Fundraising Committee
- Membership Committee
- Scholarship Committee

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. Special 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 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.

Standards for Meetings

Notice of all meetings 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.

In order to provide an optimum level of communication and teamwork, Booster Club/PTO meetings must be held in the presence of the school sponsor.

Any action taken at the meeting should be documented in the minutes and is subject to review and possible revocation by the sponsor or principal.

Rules for Dissolution

There are two ways a booster organization can be dissolved:

- 1) A resolution shall be adopted by the booster organization/PTO (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.
- 2) The Principal along with the Superintendent determines that the booster club is not functioning in a way consistent with school and district policies, and in accordance with UIL regulations.

If the booster club/PTO or committee determines it is in the best interest that the booster club/PTO be dissolved, the booster club/PTO and/or the committee must determine the distribution and usage of treasury monies and other assets before dissolution. In order to comply with the 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.

Dissolution of booster clubs/PTOs should be addressed in the booster club/PTO's bylaws.

Bylaw Summary

- Summit bylaws to the Office of the Director of Business and Finance with registration paperwork for approval.
- Officers must be elected.
- Officers must read the Booster Club/PTO Guidelines and sign and return the form stating they have done so.
- No one person may hold multiple offices.
- Sponsor must be invited to meetings and are encouraged to attend.
- Bylaws must address the organization's fiscal year, organizational structure, and the methods used to elect officers.
- There are two ways a booster organization/PTO can be dissolved:
 - 1) A resolution shall be adopted by the booster organization/PTO (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.
 - 2) The Principal along with the Superintendent determines that the booster organization/PTO is not functioning in a way consistent with school and district policies, and in accordance with UIL regulations.

III. Finance

Banking
Tax Information
501(c)(3) Directions
Form 990
Financial Reporting
Insurance
Audits

Banking Information

To open a bank account, The Booster Club/PTO must first obtain an Employer Identification Number (EIN) from the IRS. (See Tax information section)

The Booster club/PTO shall not use just the school's name on its checks or on its literature. The use of the school name might imply that the school or the District is responsible for any obligations entered into by the club. It must include the Booster Club/PTO's name on the bank account.

Two officers must sign each disbursement. School district employees may not be the signer on Booster Club/PTO bank accounts for their own campus or programs they are the sponsor for.

All funds received should be receipted and deposited on a weekly basis. Commingling of Booster Club/PTO funds and school activity funds is prohibited. School employees may not accept loans of funds from parents and student organizations.

Tax Information

The purpose of this section is to provide general tax information to Booster Clubs/PTOS. It is each Booster Club/PTO's responsibility to seek competent professional tax advice for its own tax reporting and filing requirements. The information provided in this document is not intended to be all-inclusive.

How to obtain tax exempt status 501(c)(3)

Your group will need to take the steps necessary to become a nonprofit education organization recognized by the Internal Revenue Service as exempt from taxation. This is known as a 501(c)(3) entity.

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/PTO must apply for this status on Form 1023- Application for Recognition of Exemption under Section 501(c)(3). These documents are available on the Internal Revenue Service website: <http://www.irs.gov/>.

The application must be accompanied by Form 8718, User Fee for Exempt Organization Determination Letter Request, which provides a user fee to be paid to the Internal Revenue Service. Depending on the anticipated annual gross receipts, the fee is either \$150.00 or \$500.00. Upon acceptance of the organizations 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.

Please provide a copy of your determination letter to the district office.

Note: Instructions for completing these forms and copies of the forms can be found on the Internal Revenue Service website: <http://www.irs.gov/> under forms and publications. The IRS main number is 1-800-829-1040, and the Tax-Exempt section is 1-877-829-5500.

How to obtain an Employer Identification Number (EIN)

The IRS requires all organizations (entities) that conduct business to have their own Employer Identification Number. The EIN is obtained with the SS-4 Form from the IRS. A member's social security number should not be used as the organization's Employer Identification Number for banking or other business purposes. Booster Clubs are not allowed to use the District's EIN.

To obtain an Employer Identification Number:

- Obtain and complete IRS Form SS-4.
- Make a copy for the club's permanent records.
- When a number is assigned to the Booster Club/PTO by the IRS, ensure that the paperwork is maintained in a permanent file from year to year.
- The recommended fiscal year end for the Booster Club/PTO is August 31.
- There is no application fee required when filing Form SS-4.
- This EIN will be the number used to establish a bank account for the Booster Club/PTO.

Note: You can apply for an EIN number on the Internal Revenue Service website: <http://www.irs.gov/>. Insert "employer identification number" under forms and publications. You will be able to complete the application process on line.

Sales Tax

All Booster Clubs/PTO must apply for their own sales permit number. **They may not use the number of another Booster Club or the District sales permit number.** Sales by a Booster Club/PTO are generally taxable. Booster Clubs/PTOs are not tax-exempt unless they have filled out the proper application forms from the Texas Comptroller of Public Accounts and have been given tax-exempt status. Each Booster Club/PTO can have two tax free sale days per calendar year according to Texas State Sales Tax Law. Items can be sold during the tax-free weekend in August without collecting sales tax.

Organizations that have applied for and received a letter of exemption from sales tax do not have to pay sales and use tax when they buy, lease or rent taxable items that are necessary to the organization's exempt function. No item purchased tax-free by an exempt organization can be used for the personal benefit of a private party or other individual. For any questions regarding sales tax, you can call the Texas Comptroller of Public Accounts at 1-800-531-5441 or email tax.help@cpa.state.tx.us.

Taxable Status of Purchases

- A booster organization/PTO must 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 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 teams, groups, bands, etc. on authorized school trips are exempt from sales tax if the organization contracts for the meals. The booster organization/PTO must pay for the meals with a Booster Club/PTO check and provide an exempt certificate.
- Individual members of the team, group, band, etc. may not claim exemption from sales tax on the meals they purchase while on a school authorized trip.

Collection and Remittance of Sales Taxes

The Booster Club/PTO 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, the tax rate was 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 the tax, the school would retain \$1.83 and remit \$0.17 for sales tax. If this method is used, divide the total sales by 1.0825 (assuming the tax rate is 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
- Food and drinks sold at school functions

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

- Items sold by the school store
- Any type of Booster Club/PTO materials
- Any other item sold as personal property (i.e. school pictures, uniforms, 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 State Comptroller's guidelines. Further information can be found on the Comptroller's website: <http://www.window.state.tx.us>

ANNUAL FEDERAL FILING REQUIREMENTS

Every booster organization/PTO 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 must use Form 990-N, normally known as the e-Postcard if:

1. Gross receipts are \$50,000 or less.

Booster Clubs must use Form 990-EZ if:

1. Gross receipts are more than \$50,000 but less than \$200,000 **AND**
2. Total assets are less than \$500,000 at year-end.

Booster Clubs must use Form 990 if:

1. Gross receipts are \$200,000 or more **OR**
2. 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/PTO'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.

Financial Reporting

At a minimum, the organization's membership should be provided with a financial statement and bank reconciliation at each meeting. The financial statement should provide a comparison of budgeted versus actual expenditures and receipts. Cash receipts and disbursement reports should be available for review when needed and at the annual audit.

Financial Reporting to the District

GASB Statement No. 39 of the Governmental Accounting Standards Board 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/PTO's are required to submit annually the following document to the Director or Business & Finance by the 15th of September.

The GASB 39 Form (form located in the Resources Section)

Cash Receipt Procedures

All cash collections received by the Booster Club/PTO 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. Such documentation should be readily available for audit purposes.

It is recommended that deposits be made daily if the total receipts on hand exceed \$250.00. If daily receipts are less than \$250.00, deposits shall be made within one week even if the receipts for all days combined are less than \$250.00. 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 indicating the checks individually on the deposit slip. 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 this total matches the deposit total.
- Attach the cash receipt verification with a copy of the deposit slip and file in date order.
- For large deposits, have another individual independently count the currency only (not the coins or checks) and verify the currency has been correctly recorded on the deposit slip.
- Both individuals should initial the deposit slip next to the currency amount 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.

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. The reconciliation should be completed within thirty (30) days of the date of the bank statement.

Items needed for reconciliation:

- Bank reconciliation form
- Prior month's bank reconciliation

- Bank statement
- Check Register and/or Cash Disbursement journal
- Cash Receipts journal
- General Ledger

1099 Requirements

Internal Revenue Service guidelines require that all payments for services in excess of \$600.00 made to an individual by a booster organization/PTO be reported on a form 1099 on an annual basis. The Booster Club/PTO should secure an IRS form W-9 from the provider at the time of service to ensure 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 a calendar year by January 31st.

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

Insurance

The Booster Club/PTO should insure its operations, particularly cash handling. Officers could have personal liability for board actions or omissions. An insurance policy protects the officers from any litigation that might result from perceived poor decisions by the board.

To operate on the district property or away using district resources, a Certificate of Insurance (COI) naming Silsbee ISD as a name additional insured on its Comprehensive General Liability (CGL) policy should be provided.

Fiduciary coverage protects the misappropriation of funds by a volunteer. These policies are generally sold in multiples of \$10,000. It can be attached to the CGL policy. If the boosters own property, it is recommended that they consider property coverage as well.

Audit Instructions

Why is an audit necessary?

An audit is an examination of the financial records of the Booster Club/PTO. It assures that all income and expenditures are accounted for and consistent with the budget and goals for the year. It also verifies that the bank balance and ledger balance are reconciled. The audit is to protect the Booster Club/PTO officers and the organization.

When is an audit conducted?

An audit should be conducted at the end of the fiscal year, when there is a change in treasurer, and when there is a change in any officer who signs Booster Club/PTO checks.

Who conducts the audit?

An audit may be conducted by an outside party, such as a CPA, or an Organizational Review Committee. The Organizational Review Committee should be comprised of at least two non-officers of the Booster Club/PTO, and the director of the school group (i.e. Athletic Director, Band Director, etc.).

What are the audit procedures?

Suggested steps for the Organizational Review Committee:

1. Review reconciled bank statements and canceled checks to determine that:
 - Disbursements have been properly documented with an invoice or receipt.
 - Disbursements have been properly approved.
 - Checks have been properly signed.
 - Checks have been deposited or cashed by the payee indicated.
 - Checks have been accounted for in the proper sequence (no missing checks).
2. Check addition and subtraction on cash receipts and deposits.
3. Compare cash receipts and deposits to the bank statement.
4. Verify that receipts and disbursements were allocated to the correct account or budget category.
5. Verify that income from sales, dues, or any other sources have appropriate backup. The total amount collected should match the amount deposited into the bank account.
6. Review the Treasurer's monthly reports and check them for accuracy. Review the beginning and ending balances on reports to verify that correct ending balances were carried forward as beginning balances on subsequent reports.
7. Determine that only applicable Booster Club/PTO officers are authorized signers on bank account(s). Former officers should not remain on the account(s) as authorized signers. In addition, the faculty sponsor shall not be an authorized signer on the account.
8. Obtain proof that all applicable sales taxes were paid.
9. The audited financial report should be signed by all members of the Organizational Review Committee and submitted to the Director of Business and Finance upon request.
10. Verify that 1099's were issued, if applicable.

Ways to Protect Your Organization against Embezzlement

1. *Money should never be kept at a treasurer's 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. *The treasurer should arrange to deposit the money in the bank as 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 must be paid by check, never cash.*
9. *Conduct an annual audit of the books.*

Finance Summary

- Obtain an Employer Identification Number (EIN) from the IRS.
- Obtain a 501(c)(3) for tax exempt status from the IRS.
- Allowed 2 tax free days per calendar year.
- Submit GASB 39 Form to the Director of Business and Finance by September 15th of each year.
- Receipts over \$250 should be deposited daily.
- File a 1099 when needed. (over \$600)
- Invest in insurance for your booster club.
- Conduct an audit once a year.

IV. Fundraisers

Fundraising Activities

IRS Regulations

Raffles/Bingo

Gifts

Donations

Food Fundraisers

Fundraising Activities

It is the policy of the District that funds received from Booster Club/PTO fundraising activities are used to benefit the student and school in an appropriate way.

Fundraising projects for parental groups shall be:

- For the educational benefit of the student, coordinated through the school sponsor.
- For a specific project as identified in the Booster Fundraising Permission Request Form and not for the sake of raising money.
- In connection with the established goals and philosophies of the Booster Club/PTO as well as UIL Guidelines.
- The use of individual accounts for members of District groups or clubs is prohibited by the IRS.

Students, parents, or boosters/PTO may NOT represent the school or any school organization in soliciting donations from businesses or from the general public in a public venue of any kind (i.e. outside a store, at a street intersection, at a church parking lot, etc.) unless preapproved by the Superintendent or designee.

Students or teachers may NOT sell items randomly door to door in community neighborhoods unless preapproved by the Superintendent or designee.

Booster clubs/PTOs must conduct their fundraising efforts without the use of students and may NOT fundraise on school property during school hours, unless permitted by principal.*

Booster Clubs/PTOs desiring to conduct a fundraising activity for a school program shall submit the completed “Booster/PTO Fundraising Permission Request” form (found in the resource section) to the principal or designee at least two weeks prior to the event.

Booster Clubs/PTOs are required to complete and turn in the “Booster/PTO Results From Fundraiser” form (found in the resource section) if requested to the principal or sponsor within one week of the request.

Failure to get approval for fundraiser prior to fundraising will result in a cancellation of fundraiser. Multiple infractions could result in dissolving the Booster Club/PTO.

*Submit all fundraisers to the campus sponsor for approval.

IRS Regulations

The IRS prohibits tax-exempt organizations from **requiring** people to participate in

fundraisers. Likewise, Booster Clubs/PTOs may not require an amount be “donated” in lieu of participating in the fundraiser. People **may choose** whether or not to participate in a fundraiser and may choose whether or not to donate to the Booster Club/PTO. Furthermore, if a person decides not to participate, that person cannot be excluded from having the opportunity to benefit from the fundraiser and cannot be penalized in any way for choosing not to participate in the fundraiser. Furthermore, benefits given by a tax-exempt organization **cannot** be based on participation in a fundraiser or based on revenues raised individually. Therefore, regardless if a person participates in a fundraiser and regardless of the amount of revenue raised, that person cannot be denied the opportunity to receive an equal benefit.

Raffles/Bingo

The school district is prohibited by Texas law from sponsoring or conducting any raffle or bingo game conducted for the purpose of raising money. However, there is a state Charitable Raffle Enabling Act (and also one for bingo) that allows organizations that support schools to conduct raffles under certain conditions. A raffle is any activity that involves awarding a prize—anything of value from a cake to a car—to one or more people who have purchased a ticket.

The Charitable Raffle Enabling Act, effective January 1, 1990, permits “qualified organizations” to hold up to two raffles per calendar year, with certain specified restrictions.

A nonprofit organization that has existed for at least three preceding years, during which it has had a governing body duly elected by its members and is exempt from federal income tax under Section 501(c)(3), Internal Revenue Code; does not distribute any of its income to its members, officers or governing body; does not devote a substantial part of its activities to attempting to influence legislation; and does not participate in any political campaign.

The language of the law is very technical. If you are considering holding a raffle to benefit an organization, you should check the statutes to be sure you qualify.

<http://www.statutes.legis.state.tx.us/Docs/OC/htm/OC.2002.htm>

Any raffles or bingo games held on district property must be clearly advertised as Booster Club/PTO event and not a Silsbee ISD program event; for example: SHS Band Boosters and not SHS Band.

*While you may hold a casino night as a service to our students, you may not hold a casino night as a fundraiser. This is restricted by the State of Texas.

https://www.oag.state.tx.us/consumer/raffle_faq.shtml

Gifts

Coaches and directors of UIL academics, athletics and fine arts may not accept more than \$500 in money, product or service from any source in recognition of or appreciation for coaching, directing or sponsoring UIL activities. The \$500 limit is cumulative for a calendar year and is not specific to any one particular gift.

Donations

Any expenditure for direct operating expenses; example-salaries, uniforms, furniture, or equipment; may be submitted to the Director of Business and Finance with the proper forms along with a check from the booster club/PTO made payable to Silsbee ISD. The District will then use those funds to purchase the items.

Food Fundraisers

All food fundraisers must be conducted outside of school hours.

Mandatory Disclosures

All advertisements/brochures/social media posts regarding fundraisers must have the following statement:

“This is an approved fundraiser in compliance with SISD Booster Club Guidelines”

Fundraising Summary

- Complete the Booster/PTO Fundraising Permission Form and turn into campus principal for approval at least two weeks before holding any fundraising activities.
- Do not require people to participate in a fundraising activity.
- Do not require a certain amount to be raised or sold per person.
- Contact Campus to make arrangements to use school facilities.
- Gifts over \$500 to coaches or directors are not permissible. The \$500 limit is cumulative for a calendar year and is not specific to any one particular gift.

V. Advertisements

Advertising
Trademarking

Advertising

The district manages all advertising at its facilities. Booster Clubs/PTOs should not agree to any form of advertising at SISD facilities.

So what is the difference between a sponsorship and advertisement?

According to the IRS, a qualified sponsorship is “any payment made by a person engaged in a trade or business **for which the person will receive no substantial benefit other than the use or acknowledgement of the business name, logo, or product lines in connection with the organization’s activities.**” For instance, if a nonprofit organization simply acknowledges the sponsor’s name, logo, and/or slogan, then the nonprofit organization would not have to pay tax on the income.

The IRS describes advertising as other activities that “promote” the sponsor’s products or services which include:

1. Messages containing qualitative or comparative language, price information, or other indications of savings or value,
2. Endorsements,
3. Inducements to purchase, sell, or use the products or services.

Any and all advertising that promotes SISD schools, programs, campuses or other SISD assets must go through the Community Relations Director. If you are unsure whether or not your activity falls under ADVERTISING or SPONSORSHIPS, please contact the Business Office. If you are seeking SPONSORS, this might be considered a FUNDRAISER in which case you need to submit the appropriate fundraising request forms through the campus.

District Trademarking and Licensing Agreement

The district has not entered into a trademarking and licensing agreement regarding the use of its school names, logos, and other identifying marks; however, in the event an agreement is negotiated, training will be provided.

Advertising Summary

- Silsbee ISD manages all advertising for its assets (facilities, programs, stadiums, etc.)

VI. Additional Guidelines

As per the UIL Booster Club Guidelines:

Athletic Boosters

Academic Boosters

Music Boosters

Other Requirements

As per the UIL Booster Club Guidelines:

Athletic Boosters

Club restrictions

Booster clubs cannot give anything to students, including awards. Check with school administrators before giving anything to a student, school sponsor or Coach. Schools must give prior approval for any banquet or get-together given for students. All fans, not just members of the booster club, should be aware of this rule. It affects the entire community.

*Unlike music and academic booster clubs, athletic booster club funds shall not be used to support athletic camps, clinics, private instruction or any activity outside of the school.

*Booster groups or individuals may donate money or merchandise to the school with prior approval of the administration. These kinds of donations are often made to cover the cost of commercial transportation and to cover costs for out-of-town meals. It would be a violation for booster groups or individuals to pay for such costs directly.

*Individuals should be informed of the seriousness of violating the Athletic Amateur Rule. The penalty to a student-athlete is forfeiture of varsity athletic eligibility in the sport for which the violation occurred for one calendar year from the date of the violation. Student athletes are prohibited from accepting valuable consideration for participation in school athletics - anything that is not given or offered to the entire student body on the same basis that it is given or offered to an athlete. Valuable consideration is defined as tangible or intangible property or service including anything that is usable, wearable, sellable or consumable. Local school districts superintendents have the discretion to allow student athletes to accept, from their fellow students, small 'goodie bags' that contain candy, cookies or other items that have no intrinsic value and are not considered valuable consideration.

*Homemade "spirit signs" made from paper and normal supplies a student purchases for school use may be placed on the students' lockers or in their yards. Yard signs made of commercial quality wood, plastic, etc. if not purchased or made by the individual player's parent, must be returned after the season.

*The school may provide meals for contests held away from the home school. If the school does not pay for meals, the individual parents need to purchase their own child's food. Parents may purchase anything they wish for their own child but may not provide food for their child's teammates unless approved by the school. The school may also provide supplies for games and practices and transportation for school field trips. Students should pay admission fees during school field trips.

*Parties for athletes are governed by the following State Executive Committee interpretation of Section 441 of the UIL Constitution & Contest Rules.

Official Interpretation of the UIL Athletic Amateur Rule, section 441 of the UIL Constitution and Contest Rules:

(a) VALUABLE CONSIDERATION SCHOOL TEAMS AND ATHLETES MAY ACCEPT:

1. Pre-Season. School athletic teams may be given pre-season meals, if approved by the school.
2. Post-Season. School athletic teams may be given post-season meals if approved by the school. Banquet favors or gifts are considered valuable consideration and are subject to the Awards and Amateur Rules if they are given to a student athlete at any time.
3. Other. If approved by the school, school athletic teams and athletes may be invited to and may attend functions where free admission is offered, or where refreshments and/or meals are served. Athletes or athletic teams may be recognized at these functions, but may not accept anything, other than food items, that is not given to all other students.

(b) ADDITIONAL VALUABLE CONSIDERATION THAT SCHOOL TEAMS AND ATHLETES MAY ACCEPT:

Examples of additional items deemed allowable under this interpretation if approved by the school, include but are not limited to:

1. Meals, snacks or snack foods during or after practices;
2. Parties provided by parents or other students strictly for an athletic team

Local school district superintendents continue to have the discretion to allow student athletes to accept small “goodie bags” that contain candy, cookies or other items that have no intrinsic value and are not considered valuable consideration.

As per the UIL Booster Club Guidelines:

Academic Boosters

The rules for athletics are different than the rules for academics and music. Athletes are restricted by the Athletic Amateur Rule, which states that athletes cannot accept money or valuable consideration for participating in a UIL sport or for allowing their names to be used in promoting a product, plan or service related to a UIL contest. Academics have no amateur rule. Journalism participants may work for a newspaper and be paid. Actors may work summer stock and be paid. Students may win calculators and software for participating in invitational math contests.

UIL academic students are restricted by the Awards Rule. So, as a general practice, booster clubs should not give gifts or awards to students for their participation in UIL contests that count toward district, region or state standing. School booster clubs may raise money to purchase letter jackets, provided the funds are given to the school without designation to buy jackets for particular students and the school determines criteria for awarding the jackets. Parents may purchase jackets for their own children provided the school designates the student as being qualified to receive the jacket.

Booster Clubs may raise money to provide an annual banquet for academic participants and coaches.

With prior administrative approval, you may also:

*Purchase equipment for programs such as computers or software for yearbook or computer science;

*Organize and chaperone trips and assist with expenses for travel to academic competitions or educational trips such as journalism conventions or speech tournaments. Booster club funds may be used to provide food and refreshments for students on these trips. A purely recreational trip to Six Flags Over Texas would not meet the definition of an educational field trip and could be considered a violation of the Awards Rule.

*Run tournaments, organize fundraising efforts, recruit corporate donors, raise money for scholarships and arrange for tutors and professional trainers to work with students;

*Fund academic workshop scholarships provided selection of the recipients is not based solely on their success in interscholastic competition. Selection could be based on grade point average or the student's selection of high school courses. All students meeting the conditions for scholarship assistance should be notified and eligible for financial assistance. Funds should be monitored to ensure that they are expended for camp or workshop purposes.

As per the UIL Booster Club Guidelines:

Music Boosters

In addition to the general procedures outlined, the following guidelines apply to Music Booster Club activities.

*Some music booster clubs assist with expenses for travel to various music-related activities such as UIL contests and performances at away athletic events. Such financial support violates no UIL rules provided that it is approved and coordinated by the local school district.

*Many music groups schedule educational field trips with the approval of the local school administration and under local school district policies. For such trips, specific educational components must be included such as performing for a music festival, an adjudicated contest or a concert tour. Marching performances such as the Macy's Thanksgiving Day Parade, the Rose Bowl Parade or other similar ceremonial appearances also qualify. However, educational components need not be limited to performances. Concert attendance, visiting university/conservatory music facilities and other music related, non-performing opportunities would also be appropriate if approved by the local school district.

*A recreational trip, on the other hand, would not meet the definition of an educational field trip as provided in Section 480 of the UIL Constitution and Contest Rules. Students receiving the benefits of a purely recreational trip would likely be in violation of the Awards Rule.

*Booster Clubs may also fund scholarships for private lessons and summer music camps provided the selection of the recipients is not based on success in interscholastic competition. Funds for such activities should be carefully monitored to ensure that they are expended for educational rather than recreational activities.

*The awarding of patches, T-shirts or other items for achievement in interscholastic competition would be subject to the UIL Awards Rule. In order to protect all music students' eligibility, such awards should be approved and administrated by the local school district in accordance with school district policies.

*Be mindful of the fact that there is no Music Amateur Rule. Therefore, limitations established in athletics intended to ensure compliance with the Athletic Amateur Rule do not apply to music programs and related activities.

OTHER REQUIREMENTS

The following guidelines apply to all parent/booster organizations. If a question should arise which cannot be resolved at the campus level, the office of the Director of Business & Finance should be contacted for clarification.

- Principal must approve on-campus activities, including meeting times, place, dates, fundraisers and activities. Such activities cannot conflict with school schedules or activities, district policy or financial procedures, and must be in accordance with Texas Education Agency (TEA) and University Interscholastic League (UIL) guidelines. These will take precedence over Booster Club/PTO activities.
- On-campus activities, especially fundraisers, should not supplant, duplicate, nor interfere with those of other school or Booster Clubs/PTOs.
- 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. The sponsor must be present. All activities will be under the guidance of the school and the District.
- Booster Club/PTO members, parents, etc. are expected to follow the same standards of conduct as district employees where chaperoning, sponsoring, or attending student activities.
- Each student 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 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.
- The purchase or consumption of alcoholic beverages and tobacco products while on school property or in the presence of students is specifically prohibited.
- Booster Club/PTO 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. If a candidate running for office is invited to join a meeting, all candidates running for the office must be extended an invitation to the event.

VII. Resources

SISD Booster Club/PTO Registration and Approval Form
SISD Booster Club/PTO Acceptance Form
SISD Booster Club/PTO Information Sheet
SISD Booster/PTO Fundraising Permission Request
SISD Booster/PTO Results from Fundraiser
GASB 39 Form