



# **Midlothian ISD**

## **Booster Club and PTO Guidelines**

*Updated July 2025*

## **INTRODUCTION**

Booster Clubs and PTOs are valuable organizations that provide a needed source of financial support for school activities. These organizations are separate individual entities from the District and support a specific campus/area/sport/activity. As such, they have their own governing board, establish their own policies, and maintain their own set of accounting records. They also must have their own checking account along with a separate federal tax identification number. These organizations should be formed as non-profit entities and must follow federal and state tax regulations. These organizations **MUST NOT** use the tax identification number of the District. Each organization must obtain tax-exempt status individually with the appropriate taxing authority.

Separation between these organizations and the District must be maintained. This protects both parties in case of litigation. It is imperative that strict and proper accounting practices are followed in order to ensure this separation.

All MISD Booster Clubs and PTOs are expected to follow UIL Guidelines where applicable.

## **OUTSIDE ORGANIZATIONS vs. STUDENT ACTIVITY**

Booster Clubs and PTOs or other support organizations are created by interested adult groups and managed by adults with various adults as officers. They raise funds through fundraising events, dues from adult members or from contributions from other organizations. In all cases, adults implement, monitor and control the activities. The adult members of the organization make the decisions.

Student activity accounts, on the other hand, are those funds, which are owned, operated, and managed by organizations, clubs, or groups within the student body under the guidance and direction of faculty or staff members for educational, recreational, or social purposes. These organizations receive their funding through fundraising events, dues from student members or contributions from other organizations. A key difference is that students manage the funds and the officers of the organization are students. Students implement, monitor and control the activities of the organization under the supervision of a staff member. The student members of the organization must make the decisions. The District maintains the financial records and deposits.

## **INFORMATIONAL MEETING**

Midlothian ISD will conduct a "booster/PTO organization" information meeting at the beginning of each school year. If an organization is to be active during the school year,

the organization must send a representative to this meeting. There must also be a Midlothian ISD staff member representing the area supported by this booster organization and the campus principal should be present at this meeting. The time and place will be posted and advertised.

In addition, each booster/PTO organization must complete the attached Schedule A-Annual Financial Submission for Booster Clubs/PTOs (for the year ending June 30 to align with the District's fiscal year) by July 15 of each year.

## **PROCEDURES**

The following management and accounting guidelines are provided for all District PTO/Booster Clubs:

1. A PTO/Booster Club must have a President, Treasurer and Secretary who are active PTO/Booster Club members in order to operate.
  - a. District employees may not hold a Board position or handle cash for the organization. Separation between District and the other entity must be maintained at all times. District employees can Chair or be on Committees within the organization.
  - b. One person cannot hold more than one office since these positions provide financial checks and balances and internal controls. Spouses or family members may not hold the office of President and Treasurer of the same organization simultaneously.
  - c. The term of office for the Treasurer should be limited to two (2) years. If a qualified, active PTO/Booster Club member does not volunteer to fill a Treasurer opening after the seated Treasurer has served two terms, the PTO/Booster Club may vote to extend the position to a third term if the seated Treasurer can demonstrate completion of duties, including timely submission of all required information to the Principal/Sponsor, IRS and Texas Comptroller.
  - d. PTOs/Booster Club bylaws should include instructions regarding accurate recording of accounting transactions, including the accounting method (cash vs. accrual), number of authorized signers on the bank account(s) and number of authorized signatures required for each check.
  - e. All transactions should be recorded in the organization's financial records, and books and bank accounts should be reconciled monthly.

2. The names of the organization's officers, addresses, phone numbers and email addresses will be submitted to the appropriate campus and the District's communication office at the beginning of each school year (by September 15) and at any time during the year when officers change. This will give the campus and the District a list of people to contact regarding the administration of donated funds and a list that will be posted on our website as public information.
3. There should be periodic meetings of the organization with minutes supporting these meetings.
  - a. A Midlothian ISD staff member should be present at each meeting.
  - b. The treasurer should present a financial report. The treasurer should prepare and sign a written financial report each month, which is reviewed and signed by the president. It is strongly recommended that this report be circulated to the membership at meetings.
  - c. All fundraising activities will be approved by the membership.
  - d. All requests for payment of invoices or donations to the District will be approved by the membership.
  - e. A designated officer, other than the treasurer, will initial or sign each invoice as approval for payment. Two officers should sign all checks (disbursements). There should be three authorized signers on the signature card to allow at least one back-up signer if one of the regular signers are not available.
4. Fundraising activities should support the educational goals of the school and should not exploit students. Activities and projects should be investigated carefully before committing the school's support. Fundraisers must have a specific purpose that is supplemental to the uses of district budgeted funds. This purpose must be posted on all fundraiser advertisements. Fundraising activities are not permitted during class time.
  - a. Fundraising participation is voluntary and individuals cannot be required to raise a certain amount of money.
  - b. Individual accounts cannot be used to credit an individual for funds raised. The money raised during any fundraiser belongs to the organization and benefits the organization as a whole.
  - c. In consideration for our community members and parents, fundraising activities for each booster club/PTO should be limited to one fundraiser per semester. This limitation does not include:
    - i. Prepackaged school supply sales
    - ii. School/Group t-shirts, Post District Play, Pink Out, etc. t-shirts

- iii. School Pictures, 1 sale per semester
  - iv. Yearbooks
  - v. Car Washes
  - vi. Concessions/snack carts/food trucks/spirit nights
  - vii. Membership dues paid by students for club membership
  - viii. Admissions to events
  - ix. Other sales as authorized by the Assistant Superintendent of Business and Operations
5. 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 as a component unit of the District for financial reporting. Information regarding the financial activities of the organization for each year ending June 30<sup>th</sup> (District fiscal year) will be sent to the District Finance office by July 15. Schedule A follows this document and should be used for the annual financial reporting. The District will not audit your records.
6. Booster/PTO revenue must not include student dues or other student fees. This prevents the organization from resembling a student organization. If on-duty District staff are involved in the collection of funds from students at a District facility, those funds are District funds and accounted for either in the general fund of the District or the student activity fund, depending on the type of fee collected. District employees should never collect or handle Booster/PTO funds.
7. If your organization is not a 501(c)(3), contributions or donations are not tax-deductible. In addition, you must inform the individual or business that the contributions or donations are not tax-deductible.
- a. PTOs/Booster Clubs with a Determination Letter from the IRS granting 501(c)(3) tax exemption are allowed to receive tax-deductible contributions in accordance with IRS Regulation 170. For contributions of \$250 or more, the PTO/booster is required provide donors with a written acknowledgment including the organization's EIN. The written acknowledgement must contain:
    - i. Organization name
    - ii. Amount of cash contribution
    - iii. Description (but not the value) of non-cash contribution. It is the responsibility of the donor to determine the value that they would report on their tax return.

- iv. Statement that no goods or services were provided by your organization in return for the contribution, if that was the case.
  - v. Description and good faith estimate of the value of goods or services that your organization provided in return for the contribution.
- 8. Expenditures must be for items necessary for the organization's fundraising activities and for the management of the organization. District-related expenses must be sent to the school as donations and accepted in accordance with District donation procedures. Expenditures for equipment (above and beyond what is considered standard equipment) and payments for bus trips are examples of expenditures that must not be directly made by the organization. These are school-related expenditures. When the organization wishes to donate money for the purchase of these items, the donation must be received and accepted by the District PRIOR to a purchase order being issued or a student activity being scheduled. A PTO/Booster Club officer may not approve their own expense or sign a check made out to them.
- 9. Funds may be used for expenses for the normal operation of the PTO/Booster Club, for example, funds may be used for the following:
  - a. Door prizes at meetings through a drawing
  - b. Old/New Officer Luncheon of a reasonable expense
  - c. Old/New Officer Luncheon for Principal and Assistant Principal of a reasonable expense
  - d. Supplies or equipment to enhance the learning environment
    - i. Instructional materials and equipment for the school/school program
    - ii. Playground equipment for the school
    - iii. Books for the school library
  - e. Provide incentives to teachers and staff for staff morale and recognition
    - i. Gift cards to staff through a drawing
    - ii. Gift cards to teachers for school supplies through a drawing
  - f. The funds raised or donations received by a PTO/Booster Club may be used for the following immaterial items, examples include:
    - i. Food, drinks and paper products for meetings
    - ii. Candy at the Volunteer Sign-in Desk
    - iii. Drinks for volunteers at Summer Registration
    - iv. Pens and pads at Volunteer Orientation and Appreciation
    - v. Sympathy cards to officers or school staff – Loss of immediate family members

- vi. End of Year Awards to Volunteers – Every volunteer that worked a certain amount of time would receive the award
- g. The PTO/Booster Club funds cannot be used for:
  - i. Gifts to Principals/Sponsors
  - ii. Gifts to the President/Officers
  - iii. Gifts to School Administrators
  - iv. Old/New Officer Luncheon, if amount is not reasonable
  - v. Old/New Officer Luncheon for Principal and Assistant Principal, if amount is not reasonable
  - vi. Alcohol
- 10. The organization's checkbook must not be housed on school district property nor should it be in the possession of a District staff member. This procedure ensures a strict separation of the District from the organization.
- 11. If the organization should hire its own employees or contract for outside services, the organization is responsible for filing the applicable W-2 or 1099 forms. These contractors or employees may not be District employees. District employees may not be paid directly by the organization. In addition, current District employees may not volunteer for the organization while performing duties in the capacity of their current District job.
- 12. In order to protect the organization, its members, and its financial well-being, standard internal controls must be in place. Basic internal controls necessary to prevent loss of funds through carelessness, mistakes, or misappropriation of funds include:
  - a. Controls over bank accounts should include checking accounts requiring at least two signers; bank statements reconciled within 30 days of the statement date; and an additional monthly review of the banking transactions by an officer not involved in the financial aspects of the organization.
  - b. Controls over cash and receipts should include depositing all cash collections promptly upon receipt; receipts or other documentation provided to substantiate all collections; proper safeguarding of all cash; and reconciliation of all receipts at the end of each event by at least two individuals. Electronic payments can be made to the Boosters through current cash apps. Accessibility to this app should be limited to a small group and at no time should a District employee have access to this app. Passwords to the app should be changed at least annually or anytime a member of this group is changed.

- c. Control over disbursements should include checks only generated with proper documentation; checks requiring the signature of a second officer; and never issuing blank checks. Payments should not be made through cash apps.
  - d. Control over budgets should include approving a budget at the beginning of each school year; actual receipts and disbursements periodically compared to the budget; financial reports provided at each meeting; and preparing a financial recap of each fundraiser to present at meetings.
- 13. Sales taxes may be applicable to certain fundraisers. Organizations should check with the Texas State Comptroller's office for rules and reporting on sales taxes. Booster Clubs are allowed two one-day tax-free days per calendar year (Jan-Dec) by the state if they have obtained exempt status from the IRS and exemption from sales and use taxes from the state. A one-day tax-free day is a day (24 consecutive hours) that Booster Clubs can sell taxable items and not have to remit the normal sales taxes due to the state.
- 14. Annually, each PTO/Booster Club must file an exempt organization information return Form 990-N, 990- EZ, or 990, Return of Organization Exempt from Income Tax. The return is due by the 15th day of the 5th month after the close of your tax year. For example, if your tax year ended on June 30, the Form 990 is due Nov. 15. The IRS will automatically revoke your tax-exempt status if you fail to file the appropriate 990 form for three consecutive years.
  - a. Whether or not your organization has filed for exemption status with the IRS, file the appropriate 990 form as required by exempt organizations.
  - b. PTOs/Booster Clubs must use Form 990-N (e-Postcard) if gross receipts are \$50,000 or less.
  - c. PTOs/Booster Clubs must use Form 990-EZ if gross receipts are more than \$50,000 but less than \$200,000 AND total assets are less than \$500,000 at year-end.
  - d. PTOs/Booster Clubs must use Form 990 if gross receipts are \$200,000 or more OR total assets are \$500,000 or more at year-end.
- 15. Booster clubs are exempt from paying rental and operational fees when utilizing district facilities, however, the Booster clubs must provide proof of liability insurance up to one million dollars. Coverage to be considered should include general liability, officer's liability, business personal property (if booster-owned property exists), and fidelity (otherwise known as bond) coverage. The cost of the insurance varies depending on the amount of coverage, but is generally reasonable. Insurance underwriters for booster clubs, in most cases, require an



annual audit/review to be performed by the organization and must have a procedure in place to have bank statements and reconciliations reviewed monthly by a member without check signature authority.

16. MISD Branding Guidelines require the use of your school logo. The guidelines can be found at <https://www.midlothianisd.org/departments/communications/brand-guidelines>. MISD trademarked logos can be requested from the Communications Department.
17. The district has the sole authority to sell advertising that is attached to a facility, fence, or other structure on MISD property, broadcast via on-demand or streaming services, announced at district facilities and/or distributed via other MISD media. Booster clubs and teams may sell advertisements for fundraising purposes, in publications and specialty items that do not conflict with the district advertising projects. All such fundraising activities must receive prior approval from the Superintendent's designee and be reported to the same office at the conclusion of the project. Any donations or awards that require public acknowledgement shall be approved by the Superintendent's designee prior to acceptance of said donation or award. Please make the Communications department aware of advertising projects in advance at the following link: <https://www.midlothianisd.org/departments/communications/community-partnerships/boosterpto/advertising-proposal>
18. Advertising material may not be displayed on district property without the prior approval of the Communications Department. Temporary signage (ex, for tournaments), may be displayed for no more than three total days per season.
19. Only district advertisers and partners may be acknowledged via the public address system or streaming media.

### **CONCESSION STAND OPERATIONS**

The district is under a Cold Drink Equipment Agreement with Dr. Pepper. This means:

- Dr. Pepper owns the coolers in the concession stands.
- We are obligated to use this equipment to exclusively sell Dr. Pepper products.
- The products sold from this equipment must be purchased directly from Dr. Pepper.
- Our Dr. Pepper representative will attend an informational meeting with booster clubs to give further instructions.

## **ATHLETIC BOOSTER GUIDELINES**

The role of the Booster Club is to (1) raise supplemental funds through fundraising activities for the use of the associated program (2) plan and provide an end-of-year banquet that recognizes the efforts and achievements of the players, coaches and support personnel (may also include a pre-season meal, i.e., meet the team).

Important information of Booster Club members:

1. Athletic booster club funds shall not be used to support athletic camps, clinics, private instruction or any activity outside of the school.
2. Booster clubs can donate money to the school, but it must be accepted in accordance with district procedures. Donations are often used to cover meals, commercial transportation and coaches' wish lists. It is considered a violation for booster groups or individuals to pay such costs directly without prior approval of local school administration.
3. Students may not accept money or other valuable consideration from school booster club funds for any non-school purpose.
4. Parents may buy anything they want for their own child.
5. IMPORTANT: Booster clubs should never give anything to students. The UIL penalty for this violation is the forfeiture of the varsity eligibility in the sport for which the violation occurred for one calendar year from the date of the violation.

What can the Booster Club write checks for?

1. Anything relating to the daily operations of the club including, but not limited to: mail outs, postage, website fees, advertising in the local paper, bank fees, etc.
2. Items purchased for resale (concessions, fundraising items)
3. Coaches Appreciation: The UIL allows for \$500 limit per coach, cumulative for a calendar year, and is not specific to any one particular gift.
4. All items necessary for the preparation of one pre-season meal (meet the team) and one post-season meal or banquet per sport, per school year.
5. Meals/hospitality for tournaments and/or referees.
6. Items relating to fundraising activities (signs, equipment rentals, etc.).
7. Production of media guides and/or programs.
8. Reimbursements to MISD (donations).

## **FORMING A PTO/BOOSTER CLUB**

1. Establish a PTO/Booster Club Steering Committee to set up the organization. (Members of the steering committee cannot be considered as PTO/booster club officers until they are elected at a general membership meeting.)

2. Determine official mailing address of the PTO/booster club. By maintaining a consistent mailing address, you will not have to update your address each year to the district, the Texas Secretary of State, the Texas Comptroller's Office, the IRS, and your bank. We recommend that a post office box (PO Box) be used as the official mailing address. The address and box keys can be given easily to the new officers at the beginning of each school year. Do not use home addresses since officers change frequently.
3. Draft and approve the PTO/booster club bylaws. The Steering Committee may approve the bylaws, allowing the group to proceed with applying for incorporation with the State and applying for tax exemption with the IRS. Supplemental language that should be added to bylaws:  
All sponsorships/vendors will be approved by the President of the Booster Club/PTO and/or Coach and/or the Athletic Director and/or the Campus Principal. Booster Club/PTO will not partake in any advertisements or sponsorships from any Religious, Political, Social Media Belief Groups, or Tobacco/Drug/Alcohol companies. Booster Club/PTO will respect our community, students, and parents and will not partake in activities or sponsorships based on race, ethnicity, gender, disability, age, religion, or any other legally protected classification.
4. File for incorporation with the Texas Secretary of State by completing Form 202 (Certificate of Formation-Nonprofit Corporation) and submitting it to the Texas Secretary of State. Read Forming a Nonprofit Tax-Exempt Corporation in Texas and Texas C-Bar information.

As a corporation, individuals governing and operating a nonprofit organization are shielded from liabilities incurred by the organization, unless the individuals are grossly negligent in their duties.

You should receive a copy of your Certificate of Formation from the Texas Secretary of State stamped with the date considered the beginning date of the organization.

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

6. Apply for an Employer Identification Number (EIN) with the IRS. The EIN can be requested prior to the first membership meeting if the PTO/booster club bank account needs to be opened at an earlier time.
7. After receiving an EIN, the PTO/booster club can open a bank account. If the bank account is opened prior to the election of officers, the Steering Committee members may be signers on the account.
8. PTOs/Boosters – Apply for an exemption from Texas sales tax, hotel occupancy tax, and franchise tax by completing AP-207 for Educational Organizations. (Booster clubs cannot apply for an exemption until they have received their 501(c)(3) exemption from the IRS).
9. Apply for a Sales Tax Permit (if required) with the Texas Comptroller's Office. If the PTO/booster club will not be selling any taxable items or services, you do not need to obtain a Texas Sales Tax Permit.
10. Apply for federal tax exemption as a public 501(c)(3) organization with the IRS. The IRS provides information, explanations, guides, forms, and publications about forming a 501(c)(3).
  - a. Receive a Letter of Acknowledgement from the IRS indicating receipt of your application and payment.
  - b. Correspond with the IRS if your bylaws need to be modified or if the IRS needs additional information to complete your approval process.
  - c. Receive a Determination Letter (approximately 4-6 months later) stating you are a public 501(c)(3) tax-exempt organization.
11. Send a copy of the Determination Letter to the MISD Finance Office.
12. Booster Clubs – Apply for an exemption from Texas sales tax, hotel occupancy tax, and franchise tax by completing AP-204 for Federal Exemptions and all others.
13. Put all of the documents related to these steps in a "Permanent File" in a safe place to be forwarded to the new officers each year. Also, save the information electronically and provide it to several officers to help ensure that the information is safeguarded.

# Midlothian ISD

(Due to Business Office by July 15)

## Schedule A-Annual Financial Submission for Booster Clubs/PTOs

----- Organization Name	----- School Year	----- Campus
Balance Sheet Information:	\$----- Current Assets	\$----- Current Liabilities

### Income Statement Information (also called Profit/Loss Statement)

#### Summary of Revenues:

Net Fundraising Activities (please provide list of all fundraisers):

-----	\$-----
-----	\$-----
-----	\$-----
-----	\$-----
-----	\$-----
-----	\$-----

Total Fundraising Activities	\$-----
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Concession Sales	\$-----
Membership Dues	\$-----
Donations	\$-----
Other -----	\$-----

TOTAL REVENUE	\$-----
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#### Summary of Expenditures:

-----	\$-----
-----	\$-----
-----	\$-----
-----	\$-----

TOTAL EXPENSES	\$-----
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I hereby certify that the information above is true and correct to the best of my knowledge. Furthermore, I understand that although supporting organizations may be considered a separate entity whereby 501 (c)(3) status has been declared, the District is requesting this financial information in order to comply with GASB Statement No. 39 of the Governmental Accounting Standards Board.

----- President	----- Date	----- Treasurer	----- Date
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