



LONDON ISD ACTIVITY FUND MANUAL

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ACTIVITY FUND OVERVIEW

What am I responsible for?

Student activity sponsors are responsible for maintaining accurate records of all financial transactions of the club or organization. Bylaws should be established that address how the money raised is to be expended. Keep in mind that the money belongs to the students in the group and therefore, should be spent under their direction. The sponsor shall have authority over the fund but should involve the students in the decision making.

Campus activity sponsors are responsible for maintaining accurate records of all financial transactions of the club, organization or campus account. Campus activity funds/groups are subject to all State and District purchasing policies applicable to budgeted funds.

What is a campus activity fund/organization?

- Funds belong to the campus/district.
- Campus principal, organizational sponsor or department head responsible for deciding how funds are spent.
- Money is raised locally at the school or donated to the school.
- Expenditures will be “for districts educational purpose and provide benefit for district or students”.
- Expenditures must adhere to State and Board policy and District procedures.
- Expenditures subject to state purchasing and bid laws.

What is a student activity fund/organization?

- Student organizations must have a faculty sponsor.
- Student organizations must have bylaws and officers and hold regular meetings.
- Student organizations must retain minutes of the organization’s meetings.
- All funds raised by student organizations are to be expended at the discretion of the students and documented in the minutes.
- Sponsors must keep detailed records of the organization’s activities as well as the organization’s collection and disbursement of funds.

- Student organizations to be disbanded may determine the use of the remaining balance in its activity fund. Funds remaining from an organization which made no such documented determination may be transferred by the principal to a campus activity fund and used for any project and or equipment that benefits the school at the principal’s discretion.
- Student organizations benefit a specific club or organization, i.e., band, cheerleading, choir, math, science, etc.;
- Examples:
 - The Basketball Club qualifies, but a specific basketball team does not.
 - The Cheerleader Club qualifies, but a specific cheerleader team does not.
 - The Spanish Club qualifies, but the Spanish classes do not.
 - The Senior Class qualifies, but not one particular class that has seniors in it.

FUNDRAISERS

The Approval Process

- All fundraising activities **must be approved in writing by the principal or supervisor** 14 days in advance of being scheduled as a school sponsored event by completing the Authorization to Conduct a Fund Raiser Form Request.
- Fundraisers must be approved annually.
- Fundraisers are not to begin until you have a copy of the approved request form signed by your principal or supervisor.
- Material or merchandise for a fundraising project may not be ordered prior to receiving written approval. **Any person ordering merchandise without the prior approval will assume full responsibility for the expenditure.**

Use of Funds (See – Expenditure of Funds)

- If a fundraiser is promoted for a particular cause, you *must* do exactly what you promote. In other words, if a car wash is held to help pay the way to Six Flags – then the funds raised must be used for expenses related to the Six Flags trip. If you promote the fundraiser in “general” terms, you have more flexibility. For example – You sponsor a car wash to “help *support* the cheerleaders.”
- **Funds should not be used for:**
 - Gift Certificates/Cards for Faculty or school personnel.
 - Donations to charitable organizations, unless specifically raised for that purpose. (Student groups may not vote to donate funds to charities unless a fundraiser was approved and held specifically for the purpose.)
 - Gift cards for students. (See Gift Card information below)
 - Student awards that were not included on a Request for Fundraiser Approval.

- Financing the attendance of school personnel at meetings.
 - Payment of professional dues for school personnel.
 - Any activity that does not promote the general welfare of the school or the educational development and morale of students.
- **Funds may be used for:**
- Trips
 - Monies raised by clubs, class/student groups to finance trips *related to student activities* for faculty sponsors and students may be expended with approval of the Principal.
 - Scholarships
 - Student Activity Funds may be used to award scholarships to students on the basis of educational merit.
 - The scholarship award should be paid directly to the educational institution of the recipient's choice, or can be paid directly to the student if valid proof is provided of attendance to an educational institution.
 - Scholarships paid on behalf of an individual student should be limited to \$1,500.
 - Awards and Prizes
 - Monies raised in the school's name may *not* be used to pay cash awards or to buy cash/ gift card prizes for students.
 - Awards such as merit certificates, trophies, plaques or other means of recognition with nominal value are preferred and may be purchased from Student Activity Funds or Campus Activity Funds in recognition of scholastic, attendance or fundraising activities for students.
 - Gifts
 - Monies raised in the school's name by the student body or student groups *may not* be used to purchase cash awards for school personnel (example - gift cards).
 - Students *may* contribute personal money toward the purchase of a gift for school personnel.
 - Monies raised in the school's name may *not* be used by the school or

school group to make cash contributions to charitable or other outside organizations.

- Donations may be made when money is raised for a charity and is well noted in the advertising for the fundraiser.

GIFT CARDS

In the event a gift card is purchased for one of the acceptable uses listed below, the following procedures shall be performed:

- A completed list of who received a gift card and for how much shall be submitted to the Business office for all gift cards purchased using campus activity funds or student activity funds within one week of disbursing gift cards to be attached to the original Activity Fund Disbursement Request Form.

Acceptable Uses

- Donor/Sponsorship awards (not exceeding \$50 each) may be bought from principal fundraiser accounts/campus activity funds if the expense was included on a previously submitted Request for Fundraiser Approval form.
- Donor/Sponsorship awards (not exceeding \$50 each) may be bought from student activity fund accounts if voted on by the student members and recorded in the student activity club minutes.

Unacceptable Uses

- Monies raised in the school's name by the student body or student groups may not be used to purchase gifts for school personnel.
- Staff appreciation gifts.
- Gifts to individuals for services performed.
- Staff benevolence or retirement gifts.

REFUNDS

- Refunds are allowable if money was contributed directly by the individual.
- Money raised in the school's name may *not* be refunded to students.
- Refunds can be the result of cancellation of field trips, overcharges on books, etc.
- Multiple Refunds
 - One check may be issued to the activity fund sponsor, who will distribute the refunds to each student. This is only the case if this money was contributed by the student and each student will have to sign form stating they received their money.

OUTSIDE ORGANIZATIONS

Outside organizations should be valid stand-alone organizations with their own identities and Employer Identification Numbers. There should be no confusion of their identity with that of the school. Therefore, the outside organizations may not use the school's tax ID number or names of school employees in conducting business. There are two types of independent outside groups:

- Parental – Parent-Teacher Organization (PTO)
- Outside organizations such as Booster Clubs

Outside organization (Booster Club) fundraiser campaigns may *not* take place during school hours, but PTO/PTA fundraisers *may* take place during school hours.

General Guidelines

- Outside organizations shall manage and assume responsibility for their own activities and finances.
- Outside organizations *may* involve participation by the students (as a whole) and school personnel either as contributors (consumers) or fundraisers (workers) only *after* the *approval* of the Superintendent. Fundraising by District personnel for these organizations should not interfere with the employees work duties.
- All fundraising activities require prior approval of the Principal and Superintendent. The Principal or school staff may *not* be involved with:
 - Receiving goods for the outside organization.
 - Receipting, depositing or accounting for money raised by the outside organization.
- A sponsor or other district employee may *not*:
 - Have signature authority on any bank account of an outside organization in their capacity as a school employee.
 - Commingle money belonging to an outside organization in personal checking or savings accounts.
 - Maintain a checking or savings account that contains money belonging to an outside organization.
 - Maintain a safety deposit box for any money that belongs to an outside organization.
- Money raised by the Outside organizations (Booster Club) must be deposited to the account of the Outside organizations (Booster Club), *not* the school's Activity Fund account.
- Parent-teacher groups should cooperate fully with the Principal in planning activities or raising money.

- Outside organizations may make donations to the school or to a student club either for a specific purpose or at the discretion of the Principal. Use discretion in limiting such fundraising activities to those necessary for the school.

SALES TAX ON SCHOOL FUNDRAISERS

Although schools may purchase items tax-free, public schools and school-related organizations must collect the sales tax on all sales that are not specifically exempted.

The majority of activity fund collections fall into one of two categories: A sale or not a sale. The following information may be used as a general guideline in determining whether to classify revenue as a sale or not:

- Sale
 - Admission – athletic, dances, performances, clinics, workshops, summer camps, project graduation
 - Donated items that are not sold
 - Fundraisers that we are the seller, not just the middleman
 - Rental of items
 - Sales of food
 - Sales of merchandise – including items made by students
 - Sales of services
 - School publication sales
- Not a Sale
 - Collections from students to pay a company for admission (ie. Movie ticket)
 - Commissions received
 - Donations received (ie. Commemorative brick)
 - Dues
 - Fees – lab, transcripts, uniform cleaning
 - Fieldtrip collections
 - Fines (ie – library)

Once the activity has been determined to be a sale, the issue then becomes to tax or not to tax.

Taxable Sales

- Yearbooks, directories, football programs, and other student publications
- Any type of materials such as pennants, pencils, ribbons, pom-poms, etc.
- Any other item(s) sold as personal property
- Fees for materials when the end product becomes a possession of the student
- School rings

- Books sold to students at book fairs
- 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
- School-purchased supplies sold directly to students including athletic equipment and physical education uniforms
- Agricultural sales
- Plants – holiday greenery and poinsettias
- Rummage, yard and garage sales
- School Publications – athletic programs, posters
- Spirit items
- Uniforms
- Vending – pencils and other non-edible supplies when the school services the machine
- Supplies – Any sold to students
- Other items defined as taxable by the State Comptroller’s Office

Non-Taxable Sales

- Vending machine sales – Food
- Ad sales – yearbooks, programs
- Discount cards
- Parking permits
- Services – car washes
- Bake sales
- Admission tickets (such as athletics, etc.)
- Food, including candy and soft drinks
- Two one-day fundraisers (See One-Day Tax-free Sales Category).

Texas sales tax statutes impose tax on the sale, lease or rental of tangible personal property and selected services. Tangible personal property includes personal property that can be seen, weighed,

measured, felt, touched or that is perceptible to the senses in any other manner. When an individual purchases a tangible item and it becomes the personal property of someone, it is taxable. It is irrelevant if the school logo is on the item or that the item will be utilized by a student in a school group for a school function.

School districts and school groups making sales of taxable items that do not have a specific exemption must collect and remit the tax. The items or activities on the lists above have been identified as being taxable or non-taxable by the Comptrollers' Office when these items are sold or sponsored by a school, by an organization within a school, PTAs, Booster Clubs and employee associations. Whether taxable or not, all sales are reportable as sales on line 1 of the Texas Sales and Use Tax Return. These lists are not all-inclusive but may help determine the tax status of other similar sales.

One-Day Tax-free Sales

Each school district, each school and each bona fide chapter of each school is allowed to have two, one-day tax-free sales each calendar year. During the tax-free sales, the organization may sell any taxable item tax-free when the price of the item is \$5,000 or less. There is no limit on the number of bona fide groups at a school or school district.

- The school district qualifies for a tax-free day;
- The school-wide fundraiser qualifies for a tax-free day;
- The Basketball Club qualifies, but a specific basketball team does not.
- The Cheerleader Club qualifies, but a specific cheerleader team does not.
- The Spanish Club qualifies, but the Spanish classes do not.
- The Senior Class qualifies, but not one particular class that has seniors in it.

A bona fide chapter is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially any student group that is recognized by the school and is organized by electing officers (not just participatory captains), holding meetings and conducting business are bona fide chapters of the school and each group may have two, one-day, tax-free sales in a calendar year. Groups meeting for classroom instruction or team sports are not categorized as bona fide chapters and do not qualify for the tax-free day sales.

One-day means 24 consecutive hours; the delivery should be made on a single day. Generally title passes to the purchaser when the item is given to the purchaser. In the case of preordered and prepaid sales, title can transfer as soon as the seller (school) receives the order. Therefore, the date the items are delivered by the vendor to the seller is designated as the one-day for the purposes of the tax-free sales. However, persons buying from surplus stock on subsequent dates after the tax-free day owe tax on the items.

When the school or school group receives a commission, the tax-free day sale provisions cannot apply because the sale is the vendor's sale, not the school's sale. The school group would collect and remit tax to the vendor, and the vendor would report the sale and remit tax to the Comptroller's office.

The following provisions apply:

- Properly identify on the deposit slip the deposit(s) that are being claimed as the one-day exemption sale.
- When using a one-day sale, a new tax exemption certificate must be issued to the vendor *each year*.

Items bought for resale to students, such as pencils, paper, t-shirts, supplies for class are taxable, just as if they were bought by the student from a store. There are two options in handling these transactions: 1) purchase tax free and collect and remit sales tax, or 2) pay sales tax to the vendor and be reimbursed by the student for the cost plus sales tax.

Collection and Remittance of Sales Tax

- The school/student group should collect sales tax of 8.25% on all taxable sales.
- There are two options when imposing sales tax:
 - **Adding the tax to the selling price of the item.** If the selling price of an item is \$4.00 and the tax rate is 8.25%, the school will collect \$4.33 (\$4.00 plus \$0.33 tax) from the buyer. Multiply tax rate of .0825 by selling price to determine amount of tax to collect. Round up to the next penny.
 - **Absorbing the tax in the selling price of the item.** If an item sells for \$4.00 including tax, the school keeps \$3.69 and remits \$0.31 for sales tax. Using this method multiply the total collections by .0762 to determine the total state and local taxes due.
- The school/student group must submit a Profit/Loss Statement for each fund raiser no later than 15 days of completion of the fund raiser.
- The Business Office will assume full responsibility for transmitting to the State Comptroller's office all sales tax collections reported. Each group is responsible for paying their sales tax burden.

RECEIPT OF FUNDS

Cash Receipts

- Prepare official pre-numbered receipts in ink for all cash and/or checks received.
- At least two people should be involved in cash handling and deposits with both individuals verifying the deposit and initialing the cash received documentation.
- **Keep in mind that issuing receipts is in your best interest.**
- If at all possible, the person preparing the receipt should count the cash in front of the person turning in the money. If not possible, the money should be sealed in front of the person turning in the money, placed in the vault until it can be opened and counted when a second party is available to witness and verify the deposit.
- Total of cash and checks should be shown separately on Deposit Form with sponsor's signature. Deposit Forms need to accompany all deposits & filled out entirely by sponsor.
- A copy of the receipt should be given to the person submitting the money & a copy kept for your records. Note receipt # on all documentation...deposit receipt, Quicken, etc.
- Keep a copy of receipts (including voided ones) in the receipt book for future reference.
- Copies of all checks should be kept with record of deposit.
- **Cashing of personal checks is not permitted.**
- Do not spend *any* of the collections. (Receipts must be deposited and checks written for expenditures) See Expenditure of Funds for proper procedures. **ALL CASH SHOULD BE DEPOSITED PROMPTLY!!!!!!!!!!!!**

DEPOSIT OF FUNDS

Bank Deposits

- Deposits should be made promptly by the organization sponsor or given to the school secretary for deposit.
- You should check with your campus office to determine at what time each day your deposits must be received in order to be deposited on time.
- **Do not keep cash for *any* reason** (except for concession start up).
- Do not deposit money in a personal account or bank deposit box.
- Submit all money to be deposited in the same form as collected. (Don't make change.)
- Deposit slips or money turned in to the office must be accompanied by copies of Deposit Forms prepared by you. The designated person on your campus will count the deposit in your presence, sign off on your Deposit Form and issue you a receipt.

EXPENDITURE OF FUNDS

General Information

- Do not make any purchase without a purchase order. Any person doing so will assume full responsibility for payment of the purchase. You will not be reimbursed.
- Approved (Region VII, Buy Board, TCPN) vendors **are not** required for Student Activity Fund expenditures.
- Approved (Region VII, Buy Board, TCPN) vendors **are** required for Campus Activity Fund expenditures.
- Do ***not*** spend any of the collections. Expenditures of money **must** be made using checks issued by the Business Office.

If students are involved in fund raising 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:

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.

SUBMITTING PAPERWORK TO SCHOOL OFFICE

- Determine cost of service / product requested.
- Prepare a purchase requisition or Activity Disbursement Form and submit to campus secretary to enter.
- Find out if the vendor will accept a PO (most will from School Districts) or if a check will be required at the time of product or service delivery.
- Your campus secretary will submit a requisition for approval. Once the requisition is approved, a PO will be generated. After you receive your order and everything is complete, sign and return the packing slip or a copy to the business office along with all documentation required to make payment.
- If a check is required at time of purchase, it must be noted as such on the Purchase Requisition or Activity Disbursement form with an exact amount for the purchase.
- Original receipts/invoices must be submitted for backup for audit.
- **All checks written to District Employees must be for authorized reimbursements.** If services are to be provided by a District employee you must contact the business office for details on how to handle the transaction prior to any events.
- If services or products are being purchased from an individual a completed W-9 must be secured before the check can be released.
- Products purchased with activity funds must be picked up or delivered to the school address, never to the sponsor or another address.

What Are the Travel Guidelines?

Activity Funds can only be used for travel in the capacity of faculty sponsor on student trips or for activity sponsor training.

Travel using activity funds must follow the same policies and procedures as normal District travel.

The Sponsor *must* ensure that:

- Provide a list of each student traveling where meals will be paid for.
- The Activity Fund Sponsor will return any cash/credit card and Student Meal Receipt to Business office within 3 days.

Can I buy Merchandise with My Own Money and Be Reimbursed?

Only in emergency situations and after approval is received. Remember: Doing so without prior approval could result in the sponsor/purchaser becoming personally liable for the bill!

CLOSING OUT A FUNDRAISER

A fundraiser is conducted to raise as much money as is possible for the student group. In order to evaluate the success of a fundraiser, proper procedures must be followed. Also, activity funds are subject to audit. Records that are not in good order indicate poor management of the activity fund and could result in an audit of previous year fundraisers and possibly the cancellation of the activity fund.

Fund Raiser Profit/Loss Statement

This report must be sent to the business office within 15 days at the conclusion of the fund raiser after signed off on by the principal. The report is designed to help the sponsor evaluate the effectiveness of the fund raiser. After all, you will not want to repeat a fund raiser if the profit does not justify the time and effort it took to complete it.

Records to Retain

Activity Fund records shall be retained for a period of five (5) years.

- Authorization to Conduct Fund Raiser Form or Fund Raiser Approval form.
- Purchase Requisition and Activity Disbursement Form requests.
- Fund Raiser Profit/Loss Statement for each fund raiser.
- Daily collection reports and list of students with outstanding receipts.
- Cash receipts received for money turned into office for deposit.
- Receipts of expenditures.
 - All records and documents of the District are considered to be governmental records and the intentional destruction, concealment, removal or other impairment of a governmental record which renders the record untrue, illegible or unavailable is an offense. (Section 37.10, Texas Penal Code).
 - Tampering with governmental records is considered a felony of the third degree if it is shown at trial that the governmental record was a public school record, report or assessment instrument required under Chapter 39, Education Code.

HELP

- ✓ If you need help or do not understand something, ask your Campus Secretary or call the Business Office.
- ✓ If you are not receiving proper documentation and/or adequate cooperation from anyone involved in the activity fund process, discuss the problem with your principal.
- ✓ If you are asked to do anything you do not believe is correct or proper, notify your principal, or the Business Office.

****ALL FORMS ARE POSTED ON SCHOOL WEBSITE**