



Setting up a Booster Account Outside of Bismarck Public Schools

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A BPS booster group may choose to operate booster accounts outside of the financial structure of Bismarck Public Schools. This document is intended to provide answers to common questions for groups opting to pursue an “outside-the-district” financial structure.

Q. What do we HAVE to have to set up our booster account?

A. All BPS booster clubs must have elected or appointed officers, a charter, and bylaws. If your club chooses to operate outside of the district’s structure it will need an employer identification number (EIN) for banking purposes. Records must show that that all booster funds are spent directly/indirectly on students and student programming.

Q. Where do we begin?

A. Start with a meeting. At the meeting, work together to develop a set of bylaws, using the examples the district has provided if you wish. At that initial meeting elect or appoint the required officers for the year (President, Vice President and Treasurer).

Q. Do the bylaws need to be identical to the provided examples?

A. No. All groups have their own unique characteristics. Subsequently, variance will exist between bylaws of different groups. Groups can choose to add/delete certain pieces in order for it to clearly fit the goals of the group.

Q. What needs to be included in our bylaws?

A. The following should be included in a booster club’s bylaws:

1. A statement of purpose along with the goals of the group.
2. The organizational structure of your group, including:
 - Meeting dates and times (a minimum of one time per month is recommended)
 - How meeting information will be communicated to the entire group
 - Detail the duties of each of the officers, their terms, by what process can an officer be removed
 - Membership: how do individuals join your organization
 - Voting: which members have voting privileges? How many members constitute a quorum?
 - Financial Accountability: how will the group handle the accounting of all assets? How money will be disbursed?
 - Amendments: how will the club amend its structure, if doings so is warranted?

Q: Is there a process to be used to account for all revenue and expenditures?

A: Yes.

- The board is responsible for an annual budget planning sheet at the beginning of the year. While it does not have to be exact, the budget sheet should list anticipated expenditures and revenues for the upcoming school year and should be submitted to the building athletic director who will then submit all budget plans to the district activities office.

- Throughout the year, a database of all expected expenditures/revenues as well as a database with actual expenditures/revenues should be maintained.
- All monies received by the group must be counted and signed off on by two people prior to being deposited. Together, those two people will fill out a reconciliation sheet with each taking a copy home. Deposits will be turned in with each of these reconciliation sheets to ensure that there is agreement.
- All expenditures whether by check, cash, or credit / debit card must have the approval of the group's board and must be noted in the minutes of the monthly meetings.
- The treasurer's report/financial report should be included in each meeting's agenda and distributed to the booster group at its monthly meetings.
- At each meeting, the treasurer should also provide members of the board with the most recent bank reconciliation statement to ensure the treasurer's report and bank statements match.
- At the end of the year, a balance sheet needs to be submitted to the building AD who will submit all balance sheets to the district AD.
- The district also recommends but does not require the signatures of two people on all checks. Additionally, groups may want to consider taking out a board of director's insurance policy.

Q. Are there limitations for booster clubs in regard to fundraising?

A. Funds are being raised in the name of BPS students to be used for BPS students. Therefore, **all** fundraisers **must** be approved by the building principal with students being the direct or indirect beneficiaries of the fundraising.

Q. How do we obtain an employer ID number?

A. Clubs should obtain a federal EIN to be used for banking purposes and also for organizational purposes. The club may also choose to organize as a nonprofit organization that meets the requirements of a tax-exempt organization. To obtain an EIN, complete the IRS process. Instructions for completing that process can be found here:

- <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/How-to-Apply-for-an-EIN> - This link provides in-depth instructions on your options for submitting your application
- <https://sa.www4.irs.gov/modiein/individual/index.jsp> - This link will take you directly to the IRS site to begin the application. On the application make sure to indicate the club is applying for an EIN is for banking purposes.

Tax Exempt/Non-Profit Status

Bismarck Public Schools receives numerous questions from booster groups wishing to seek tax exempt/non-profit status from the IRS. Due to the needs of each group, it is difficult to provide a one size fits all answer that will lead each group to the information they seek.

Consequently, the district encourages booster groups to work with an accountant as needed to ensure they are receiving the most accurate information for their group. The information that follows is offered as unqualified information that may answer some of the questions groups have:

Q. Do booster groups qualify as a public charity?

A. It is difficult for boosters to qualify as a public charity because the IRS prohibits someone from taking a charitable deduction for a donation to a charity that is directly going to the benefit of their family member. In the case of most booster clubs, it is the parents who are supporting their children's activities. Booster clubs could qualify as an "other non-public charity tax exempt organization." As such, dues or contributions given to such an organization are not deductible as a charitable contribution by the individual or business but the club's expenses such as promotion/advertising, etc. could be deducted by them.

Q. Must we apply for tax exempt/non-profit status from the IRS or seek a tax exemption from the state?

A. No. It is not necessary to set your group up as a non-profit/tax-exempt entity. However, the school district EIN may be used only by clubs within the financial structure of the district. Consequently, boosters outside the district will pay taxes associated with purchases. To seek exemption on such taxes, the booster club will need to organize and file the appropriate state documents for this designation. To avoid an exemption on the income it carries over from one year to the next, your club will need to file the appropriate applications with the IRS to obtain this status.

Q. What is the process for seeking tax exempt status from the federal government?

A. The process for seeking tax exempt status from the federal government may vary depending on the booster club's goals and gross receipts. An accountant may provide advice on the best way to obtain this status for the booster group.

Q. Do booster groups need to file a tax return?

A. Yes, the group will need to file an annual return with the IRS. As of the date of this printing, the form to be filed depends on the total annual gross receipts of the club. If the group has less than \$50,000 in gross receipts they should file the on-line Form 990N. If they have \$50,000-\$199,999 in gross receipts they should file form 990EZ. For gross receipts of over \$200,000, the group should file form 990. The IRS will may send a letter requesting the organization file form 1024. Again, clubs are advised to seek assistance from an accountant knowledgeable in this area.