

External Support/ Booster Organization Update

Presented By:

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Learning Objectives

- Know Your Year-End –Important Due Dates
- Become more familiar with Form 990
- Accepting Donations or In-kind Donations
- Kentucky Red Book Requirements
- Gaming
- Best Business Practices
- Questions and other discussions



Know Your Year-End

Fiscal Year-End

June 1 - May 31 is due October 15

July 1 - June 30

Return is due By November 15

Calendar Year

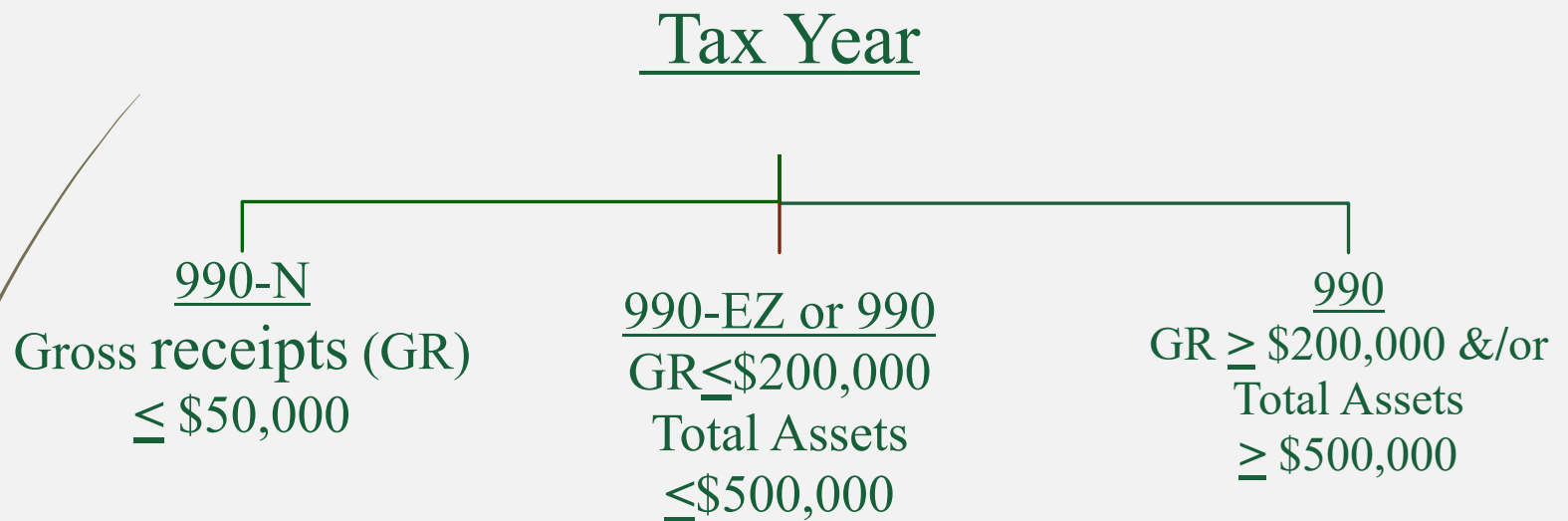
Jan 1 - Dec 31, 22

Return is due by May 1



Form 990/990EZ

A. Filing Requirements



Form 990/990EZ for

- B. Charity can use 990/990EZ to tell its story of the organization to the world
- C. Same records required as a for-profit business
- D. Begin preparation of Form 990/990EZ at the beginning of the year it applies



Form 990/990EZ

E. Have one person responsible for accumulating information & completing non-financial sections of the form



Form 990/990EZ

F. Sequence of Preparation

1. Page 2 Part III *Description of Activities*
2. Page 3 & 4 Part IV *Checklist of required schedules*
3. Page 5 Part V *IRS filings & Tax Compliance*
4. Page 6 Part VI Section A *Governing Body*
Section B *Policies*



Form 990/990EZ for Years Starting 1-1-2009

F. Sequence of Preparation

5. Pages 7 & 8 Part VII *Compensation~ Use calendar year employment tax forms*
6. Pages 9 Part VIII *Revenue from Audit report~ if one is done*
7. Page 10 Part IX *Expenses from an audit report*
8. Page 11 Part X *Balance Sheet*
9. Page 1 **Part I** *Summary of data from other pages*



Recognition of Gifts-In-Kind

- When the recipient has been given in-kind donations the market value should be recognized. When received or if unconditionally promised by the donor
- If the gifts have no value, the items received should not be recognized.
- The fair value could increase if the charity adds value to the gift, such as by cleaning and packaging the gift.



Recognition of Gifts-In-Kind

- Charities may receive items that are to be used for fundraising purposes by transferring them to other recipients during fundraising events.
- These gifts in kind should be reported by the charity as contributions and measured at fair market value when originally received by the charity



Recognition of Gifts-In-Kind

- The difference between the amount received for these items from the recipients and the fair value of the gifts in kind, when originally contributed to the charity, should be recognized as adjustments to the original contributions when the items are transferred to the ultimate recipient.



Kentucky Red Book Requirements

- See Print out
- Copy of 990 goes to the School Financial Secretary or Principal



Gaming-KY

<https://dcg.ky.gov/>

- Separate Bank Account For Gaming Funds
- Must File Gaming Annual Report
- Gaming is.....
 - Pull Tabs
 - Split the pot
 - Auction live or online
 - Raffle
 - Cake Walk



Charitable Gaming

- Below is a list of gaming activities (not inclusive of all possibilities) and the licensing requirements:

No Exemption or License Necessary (deposited in school activity fund bank account)	Exempt Charitable Gaming License (Combined gross receipts cannot exceed \$25,000 per calendar year and must be deposited in a charitable gaming bank account)	Charitable Gaming License (Combined gross receipts exceed \$25,000 per calendar year and must be deposited in a charitable gaming bank account)
Three or less raffles held per calendar year with none of the raffles having gross receipts over \$150 each	Bingo Raffles including Split the Pot Wheel Games Cow-pie Bingo Ker-Plunk Pre-Recorded Horse Races Horse Race Bingo Golf Ball Drop Other Charity Fundraising Games of Chance	Bingo Raffles Pull-Tabs Wheel Games



Charitable Gaming

The following activities **are not** considered charitable gaming and do not require a license or exemption:

- Sale of items,
- Games of skill-Such as Dart Throw, Basketball Shot, Golf Putt, Bean Bag Toss, Bean Count, Milk Bottle Throw, Ring Toss, Duck Pond (all players win a prize equal to or greater than the cost to play),
- Auctions (individuals bid - high bid wins).



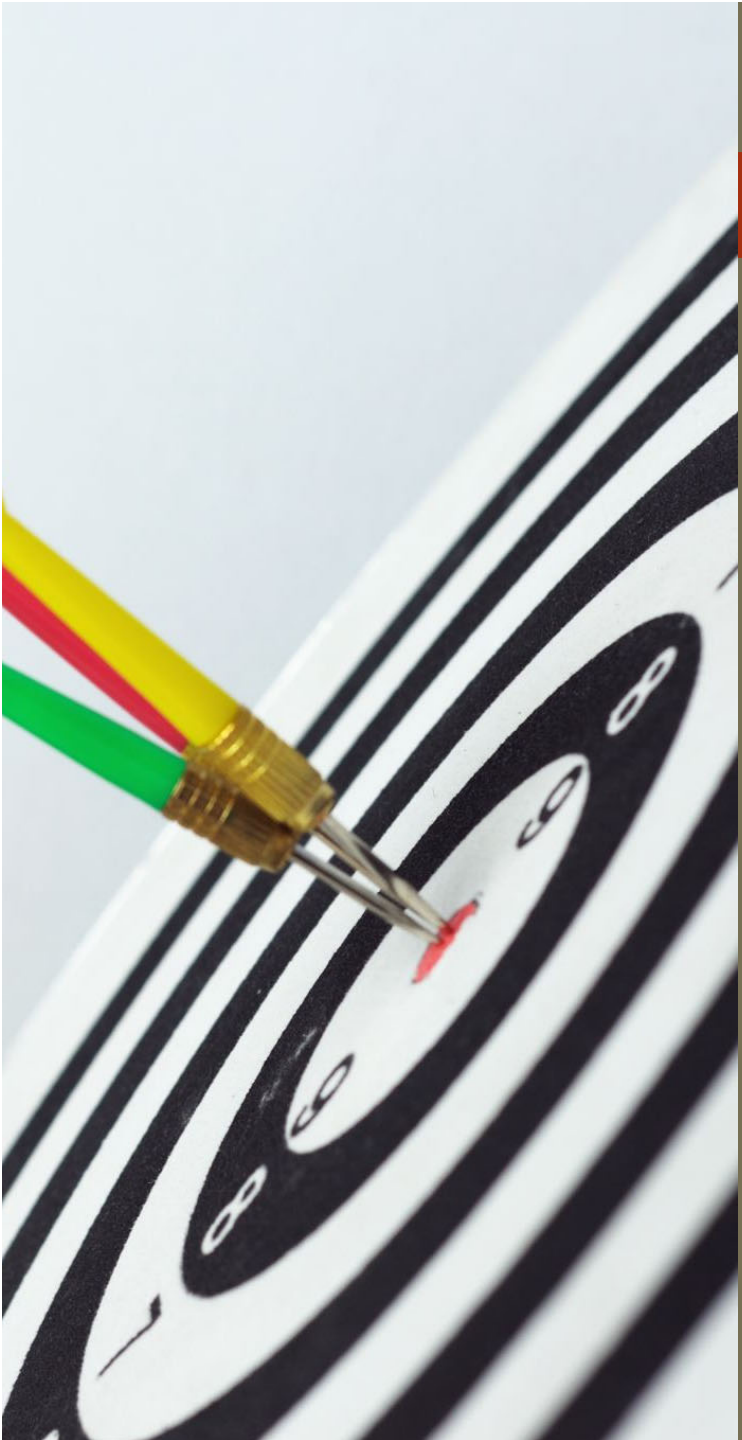
Charitable Gaming

- It is imperative any organization conducting charitable gaming activities be knowledgeable of all requirements and regulations about gaming. The requirements apply to any organization participating in charitable gaming as a fundraising tool.
- A school's exemption or license covers actions of the internal activity accounts, not the external support/booster organizations. The external support/booster organization's exemption or license covers its actions and not the school.



Charitable Gaming

- The licensing requirements for charitable organizations are found in KRS 238.535 and applications are available at the Department of Charitable Gaming website. Any questions concerning charitable gaming, licensing, or recordkeeping for these activities should be directed to the Department of Charitable Gaming.



Kentucky Secretary Of State

Annual Report is to
be filed every year
by
June 30
cost is \$15.00



Best Business Practices

- Control The Bank Statements – Someone Separate from The Individual Writing Checks Should Receive Bank Statements Directly And Review The Statements Before Reconciliation
 - Review For Missing Checks
 - Review For Checks Out Of Sequence
 - Review For Unknown Payees
 - Review For Checks That Appear Altered
 - Review For Checks Not Signed By Authorized Signatories





Check Signatories

Limit The Number Of Signatories

Consider Requiring Two Signatures

Never Sign Blank Checks



Revenues

Should Be Deposited By Someone Other Than Treasurer

Documentation Should Be Maintained To Ensure That All Revenues Are Deposited

Should Consider Using Inventory Control, Ticket Forms, And/or Fundraiser Worksheets To Document Revenue

Best Business Practices

➤ Expenditures

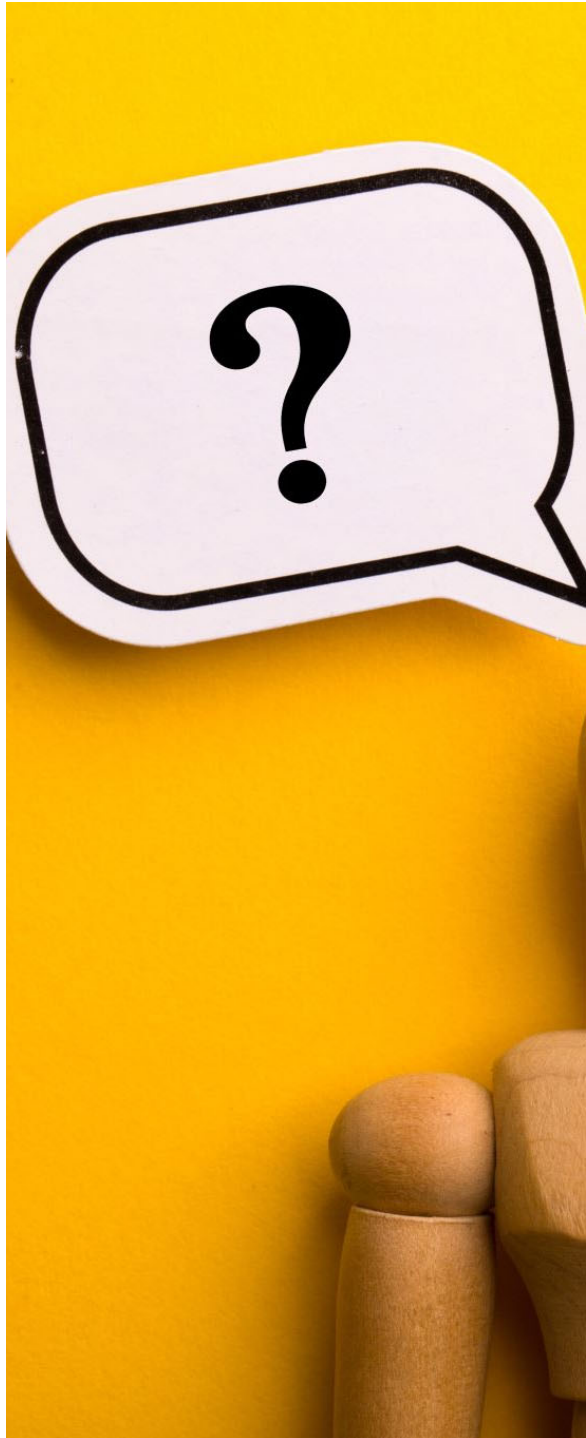
- Invoices Should Be Maintained And Reviewed By Someone Other Than The Treasurer To Prevent Unauthorized Disbursements
- All Disbursements Should Be Supported By An Invoice
- The Board Should Review Revenues And Disbursements, Compare To The Budget And Investigate Discrepancies
- Fidelity Bond Coverage Should Be Considered



Telephone Number Resources

- IRS Exempt Organization Assistance Line 877-829-5500
- IRS Forms and Publications IRS.gov
- Federal tax questions 800-829-1040
- Employment tax questions 800-829-4933
- Jeff P Carter, CPA 270-842-4242/
Jeff.Carter@Taylorpolson.com





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Questions and Discussion

- Call Jeff and/or Tina Carter
@ 270-842-4242
- Jeff.carter@taylorpolson.com or
Tina.carter@taylorpolson.com
- 1280 Fairway Street, Ste 100
BG KY 42103 in the Meyer
Building behind Double Dogs

EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

External support/booster organizations are adult/parent organizations established to promote school programs or complement student groups or activities, (i.e., PTA, PTO, booster organizations, etc.). An external support/booster organization's purpose may be to support a student group or program at a particular school or various student groups or programs at various schools. Even though an external support/booster organization works very closely with the district, it is a separate legal entity and is responsible for adherence to IRS guidelines.

and Title IX regulations.

General Guidelines

1) Created by the parents, external support/booster organizations provide support for school programs.

Generally, fundraising efforts are planned and carried out by the parents.

2) External support/booster organizations must receive local board approval to establish, lend support, seek assistance, or fundraise in the name of the district, school, students, or a district or school program.

3) All funds expended by a support/booster organization shall be from their fundraising activities and donations. No dues, fees, or charges shall be assessed to students or parents. However, PTA's can charge dues per member to cover membership fees they have to pay forward to national/state/district/local chapters.

4) An external support/booster organization must use external bank accounts and shall obtain its own Federal Employer Identification Number (FEIN) specifically and only for its use. External support/booster organizations shall not use the FEIN of the school or district.

5) An external support/booster organization is exempt from state sales tax on purchases only if it obtains its own state tax-exempt number. External support/booster organizations shall not use the state tax-exempt number of the school or district. Sales made by external support/booster organizations may be subject to the collection and remittance of sales tax.

6) An external support/booster organization is exempt from federal tax, and donations made to the organization are tax-deductible to donors, only if it obtains its own federal tax-exempt status.

7) It is recommended that each external support/booster organization have written by-laws which include the offices and their terms.

8) Each external support/booster organization must submit the FEIN and the names of the organization's officers to the principal at the beginning of the school year or within thirty days of the first transaction of the organization.

9) External support/booster organization officers are solely responsible for ensuring that their group complies with district policies, external support/booster organization guidelines in the Redbook, and state and federal regulations. A district, including any district employee, shall not be held responsible for any deficiencies by the external support/booster organization.

10) District employees may serve external support/booster organizations as a general member or as members of its executive board. However, local board members may only serve external support/booster organizations as general members and shall not serve as organization officers.

11) Neither local board members nor district employees shall serve external support/booster organizations as the treasurer or any other officer with check signing authority on the external support/booster organization's bank account.

12) The school activity fund shall not reimburse external support/booster organizations for any purchases.

13) No booster club shall pay the fee for any referees or officials of athletic events regulated by KHSAA and counted on the school's record. However, external support/booster organizations may donate to the district/school for these purposes.

14) Booster clubs shall not pay or enhance salaries or stipends for any district employee, nor can they create paid

positions. External support/booster organizations may, however, donate to the district/school for these purposes as long as the salaries paid are under the district's salary or stipend schedule. External accounts

cannot reimburse district employees for personal and booster club purchases.

15) Anything purchased by an external support/booster organization for the school, in the name of the school or for the athletic group it supports, becomes the property of the school district. If the district accepts the item, then the district will be responsible for maintaining and repairing it.

16) The school or district, with approval of the local board of education, may establish additional guidelines/requirements for the external support/booster organizations.

17) The school may disassociate with any external support/booster organization that does not comply with the External Support/Booster Organization section in the Redbook. If the school disassociates with the external organization, the external organization shall not use the school's

name for its activities, conduct any fundraising in the name of the school or athletic group within the school and shall not use the school facilities to conduct such activities.

18) Additional resources for external support/booster organizations can be found in

Appendix C – External

Support/Booster Organization Resources.

Insurance

- 1) It is recommended that treasurers of external support/booster organizations be bonded.
- 2) All external support/booster organizations are required to carry separate insurance for general liability with the appropriate coverage to operate their organization. External support/booster organizations are not covered by the district liability insurance.
- 3) Proof of liability insurance coverage must be submitted to the principal prior to commencing any fundraising activities.

Fundraising

- 1) The local board's approval of all school-wide fundraisers proposed by external support/booster organizations, including the use of funds, is required. The Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed and approved before the fundraiser begins.
- 2) The principal or a designee's approval of all other fundraisers proposed by external support/booster organizations, including the use of funds, is required. The Fundraiser & Crowdfunding Approval (Form FSA-2A) shall be completed and approved before the fundraiser begins.
- 3) The external support/booster organization must ensure funds are expended in accordance with only the purpose and intended use stated on the Fundraiser & Crowdfunding Approval (Form F-SA-2A). The

Fundraiser approval shall be obtained prior to commencing the fundraising activity.

- 4) External support/booster organization fundraising must benefit the members of the group as a whole; no fundraising monies shall be applied to individual student accounts. Accounting by student places the external

support/booster organization tax status in jeopardy as stated in the Internal Revenue Service document called Compliance Guide for 501(c)(3) Public Charities, on Page 2 under the heading

“Private Benefit and Inurement”. The document can be found at <http://www.irs.gov/pub/irs-pdf/p4221pc.pdf>.

5) The IRS prohibits tax-exempt organizations from requiring participation in fundraisers.

Likewise, support/booster organizations shall not require an amount be “donated” in lieu of participating in a fundraiser.

6) Individuals choosing not to participate in a fundraiser shall not be excluded from benefitting from the fundraiser and shall not be penalized in any way.

7) District employees shall not be involved with an external support/booster organization by ordering or receiving goods, receipting, depositing funds, paying vendors, or otherwise disbursing funds. External support/booster organization funds remaining on school property must be kept in a secure location which cannot be accessed by any school personnel.

8) Students may handle funds during a fundraiser conducted by an external support/booster organization.

9) If a fundraiser involves stations (carnival or fall festival, for example), tickets shall be sold at a central ticket booth. Patrons purchase tickets from the central ticket booth and remit a ticket at each station.

10) External support/booster organizations may provide financial support to student groups by donating funds to the school for expenditure or by expending the funds directly.

11) If the external support/booster organization donates funds to the school for expenditure, the external support/booster organization writes a check to the school where the student group is located. The school deposits the funds into the student group’s activity account, as long as the board has given the school authority to maintain donations at the school level. The funds then belong to the members of the student group, to be spent at their discretion (under the supervision of the sponsor). All accounting and safeguarding

of the funds is the responsibility of the school, once the school has received the funds and all “Redbook” guidelines must be followed.

12) If the external support/booster organization expends the funds directly, the external support/booster organization writes checks to the individual vendors for the expenses related to the student group through the organization’s bank account. All accounting and safeguarding of the funds is the responsibility of the external support/booster organization.

Reporting

1) Each external support/booster organization must submit an annual External Support/Booster Organization Budget worksheet (Form F-SA-4B) to the principal within the first thirty days of the

school year or within thirty days of the first transaction of the group. The budget shall contain, at a minimum, estimated revenues from admissions, fundraisers, dues, concession sales, and other categories and estimated expenditures by category.

2) Each external support/booster organization must submit an annual financial report for the fiscal year ending June 30 to the principal by July 25. The annual financial report shall contain, at a minimum, cash beginning balance, cash ending balance, and revenues and expenditures by category (i.e. admission revenues, concession revenues, items for resale, supplies).