



Midland Independent School District

PTA/Booster Club Guidelines and Procedures

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Purpose

The purpose of a Parent-Teacher Association (PTA) or Booster Club is to support educational and extracurricular activities for students of the Midland Independent School District. A PTA/Booster Club is a collaborative effort between community members, parents, students, and staff. Although they are separate organizations from Midland ISD, their activities have a significant impact on the district and reflect Midland ISD. Each PTA/Booster Club is required to have a campus sponsor (district employee) and approval to operate by the campus principal. PTA/Booster Clubs should provide supplemental items on top of what the district purchases. Uniforms are purchased through the district and should not be purchased by another organization without prior approval.

The primary responsibilities of a PTA/Booster Club, a sponsor, and a principal are:

PTA/Booster Club - Supports elementary, junior high, or high school students and staff through services such as volunteering and fundraisers. Principals/sponsors select and plan all student activities, while PTAs and booster clubs support the event. **PTA/Booster Club officers are solely responsible for their organization's financial responsibility and compliance with all state and federal regulations.**

Sponsor/Liaison - Under the supervision/approval of the campus principal, a student group sponsor is the liaison between the booster club and the school/district. The sponsor determines the activities or trips in which the student group will participate and guides the booster club in supporting the student group. **The sponsor must not be considered an officer or voting member of the booster club.**

Principal - The campus principal serves as a district representative and is responsible for approving the formation of a PTA or booster club and the student group's activities. **The campus principal may also require approval for specific activities of the PTA or booster club.**

Forming a PTA/Booster Club

Who do you need to form a PTA/Booster Club?

PTA/Booster Clubs are required to have the following members:

- President
- Secretary
- Treasurer

For parents who want to be members of the PTA/Booster Clubs, PTAs/booster clubs provide an important support function to schools and student groups; however, they also require a strong commitment from members to work correctly. Therefore, deciding whether or not to form a PTA/booster club is a difficult decision that requires careful consideration of the pros and cons of formation.

What kind of PTA and Booster Clubs can be formed?

For booster clubs the formation of the following types of booster clubs only needs the written approval of the Principal or Athletic Director:

- Art
- Athletics
- Band
- Cheerleader
- Choir
- Drama
- Drill Team
- FFA – Future Farmers of America
- NFL – National Forensics League (Debate)
- Orchestra
- Project Prom
- Robotics
- ROTC or JROTC (Junior ROTC)
- Spanish

Each PTA/Booster Club Bylaws should specify the following:

A. Name of Organization

B. Purpose: define the charitable purpose of the corporation. The nonprofit needs to make sure the purpose clause is not so narrow that it unduly limits the nonprofit's activities and not so broad that it prevents the nonprofit from obtaining 501(c)(3) exemption from the IRS.**

C. Meetings: the frequency and place of meetings, the type of notice required, and whether directors may vote by written proxy.

D. Leadership: the titles and specific responsibilities of the officers, qualifications for directors, the number of directors, the length of terms for the directors and officers, and the method for electing and removing directors and officers. The corporation must have a president, treasurer, and secretary.

E. Provisions for Membership: qualifications for membership, method of selection, dues and fees, voting rights, and the frequency and place of membership meetings.

F. Quorum: the number of members or directors required for a quorum to conduct business and the proportion of votes required to take action on a matter (pursuant to Texas law, an act of the board is an act of the majority of the directors present unless the certificate or bylaws require a greater number).

G. Financial Policies/Controls: the signatures required for the execution of legal documents, signatures required for checks, accounting method (i.e., cash or accrual), number of authorized signers on the bank account(s), and other controls over financial transactions and transfers of corporate assets.

H. Committees: the types of committees, responsibilities, and qualifications for serving on a committee.

I. Fiscal Year: the accounting period of the corporations, which need not be the calendar year.

J. IRS Language: special clauses that relate to (i) the dissolution of the nonprofit, (ii) “inurement,” and (iii) a general statement that the corporation may not take action that would be inconsistent with the requirements for tax exemption under Section 501(c)(3). It must be stated that, upon dissolution, any remaining assets will be distributed to other organizations exempt under Section 501(c)(3).*

Texas Sales Tax Permit

To sell any taxable item in Texas, the club needs to apply for a permit. Of course, if the items the club is selling are not taxable, then the permit is not required. If the club is acting as an agent for a vendor, the sales tax is the vendor's responsibility.

Financial Responsibility

Bank Accounts

PTAs/Booster Clubs must open a bank account with the organization's **EIN** number. A PTA/Booster Club cannot use an individual's social security number or the district's EIN number to set up a bank account. The bank accounts should have at least two signatures of the booster club's leadership (President, Secretary, and/or Treasurer for approving deposits and expenditures. Reconciliation is required on a monthly basis by the treasurer to review every statement on deposits and expenditures.

Retroactive Reinstatement Process

Organizations that cannot use the Streamlined Retroactive Reinstatement Process (such as those required to file Form 990 or those that were previously auto-revoked) may have their tax-exempt status retroactively reinstated to the date of revocation if they:

- Complete and submit Form 1023 with the appropriate user fee no later than 15 months after the later of the date of the organization's revocation letter or the date the organization appeared on the Revocation List on the IRS website.
- Include a statement confirming that it has filed required returns for those three years and for any other taxable years after that period and before the post-mark date of the application for which required returns were due and not filed.
- include a statement establishing that the organization had reasonable cause for its failure to file a required annual return for at least one of the three consecutive years for which it failed to file.

Disbursements

Whenever there's an expense made or a disbursement of funds to members, there must be an approved sign off by the President and Treasurer. Issuing blank checks or presigning must be avoided to avoid possible scammed payments. The IRS may look through the details on what checks were made for and payments were collected from the club or PTA. Also with the purchase or the check being made, always document and date when it happened.

Conflict of Interest

Officers and members of the PTA and Booster Club must perceive conflicts between their personal interests and the club's interests. According to the IRS, charitable organizations are frequently subject to intense public scrutiny, especially where they appear to have inappropriately benefited their officers, directors, or trustees. The IRS also has an oversight role with respect to charitable organizations. A conflict of interest occurs when individuals' obligation

to further the organization's charitable purposes is at odds with their own financial interests. Apart from any appearance of impropriety, organizations will lose their tax-exempt status unless they operate in a manner consistent with their charitable purposes.

Carry-Over Balances

No rule or regulation exists concerning the amount of funds a PTA/Booster Club can retain in bank accounts; however, the PTA/Booster Club should spend the funds in the year they were raised. If funds cannot be expensed during the fiscal year, proof and recording of the funds carried over to the new year are required for the club's balance.

Financial Reports

Each year, PTAs/Booster Clubs are required to submit a written report of actual revenues and expenditures to the Principal, Sponsor, and Executive Director of Financial Services. Each PTA/Booster Club is required to have an organizational committee conduct an annual review of the organization's financial report and the related financial activity for the school year. The review may be internal or external. An internal review committee includes officers and organization members; however, the committee should have at least one non-officer member review the information. The Treasurer(s), Assistant Treasurer(s), or family members of the Treasurer/Assistant Treasurer must not be on the review committee. An internal review committee should use the review report templates included in these Guidelines. The PTA/Booster Club decides the composition and number of committee members, but the same information must be documented for each committee member. An external review party should provide a signed and dated review report in his/her chosen format. These reports are an important part of making sure the deposits and expenditures are being tracked for the club to review and ensure compliance.

Sales Tax

PTAs/Booster Clubs with a sales tax exemption are entitled to two (2) "one-day, tax-free" sales or auctions per calendar year. One day is 24 consecutive hours, and a calendar year is the 12-month period from January through December. PTAs/Booster Clubs may designate the day on which the items are delivered by the vendor to the PTA/Booster Club or the day on which the PTA/Booster Club delivers the items to its customers. The PTA/Booster Club must document their designated two one-day, tax-free sales days on the Permission Request of the Fundraising Activity Report.

Membership and Membership Dues

Active members should include those individuals who are parents, guardians, step-parents, or grandparents of a student at the school who are currently with the payment of dues. Membership dues are associated with the parents being part of the PTA/Booster Club and are in

no way associated with student expenses. Both PTA and Booster Club may charge dues to their members, in which the members can be the guardians of the students involved with the Club.

Quid Pro Quo Contributions Received

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charitable organization. An example of a quid pro quo contribution is where the donor gives a PTA/Booster Club \$100 in consideration for a concert ticket valued at \$40. In this example, \$60 would be deductible. Because the donor's payment (quid pro quo contribution) exceeds \$75, the disclosure statement must be furnished, even though the deductible amount does not exceed \$75

Contributions/Donations Received

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. Following up with the acceptance of the donation would be the acknowledgment of the Donor, the amount, a statement of the deposit, and a description of the value of the donation. Donations can come in as cash, checks, or items such as coupons, equipment, furniture, or items to be sold, like T-shirts or food items. If the items are to be donated to the school district, MISD has a donation form that can be used to receive donations from the booster club. [Midland Independent School District Donation Form](#)

Recording and Depositing Money

At least two people should count the money collected before giving it to the treasurer. At least two members of the club should always record the money, and the treasurer should count and make a record of the deposit. The recording would keep track of the date it was submitted, the amount of the deposit, what the deposit was for, and who approved and counted the funds. For example, it could be a Donation, Fundraiser money, or Membership dues.

Collecting Money/Money Handling Procedures

Handling Money that comes from Fundraisers, Donations, and Membership dues requires the following:

- Deposits must be counted twice before being deposited by the treasurer.
- Always deposit all funds within the same week of receiving them.
- Make sure the checks are written out to the club and not to the school otherwise, the check will have to be voided and corrected.

- Never leave any cash or checks lying around or inside a desk, for the funds can lose Value.
- Make a record of each deposit that's made and of who counted the cash/check.
- Debit and credit card payments can work, but your booster club must have a program to track and record payments.

Mailing Address

If the mailing address for the PTA/Booster Club changes, immediately notify the district, the Texas Secretary of State, the Texas Comptroller's Office, and the IRS. To avoid frequent mailing address changes, the IRS and the Texas Comptroller's Office recommend that each PTA/Booster Club obtain its own post office box (PO Box) or private mailing box (PMB) to be used for official PTA/Booster Club mail.

Fundraising

General Guidelines

- Fundraisers Must be approved by the Principal of the campus
- Fundraisers must have a purpose in raising funds during an event or sale
- Have an approved contract agreement with the vendor supplying or providing services for the fundraiser
- The use of facilities within the district has been approved
- No funds should be raised or advertised for capital improvements or equipment without the approval of the principal, Executive Director of Financial Services, and the Chief of Facilities and Operations

What type of Fundraisers can be done

Fundraisers can be done in many ways, such as:

- Concessions
- Flower sales
- Baskets
- Festivals
- Garage sales with items that are donated to the sale
- T-shirts
- Tickets to events
- Candy Grams

- Car Washes

Non-Approval Fundraisers

Any gambling game event is not allowed unless the club has met the legal standard and obtained a license from [Charitable Bingo](#). Items related to alcohol must not be sold or purchased with the club's funds.

Sales Tax on Sales

Each campus and organization (any bona fide chapter within the district of the school) is entitled to two “one-day, tax-free” sales days per calendar year. Student groups are those recognized by the school and organized by electing officers, holding meetings and conducting business. See the Texas Comptroller of Public Accounts publication #94-183, School Fundraisers and Section 3 - Financial Guidelines / XXXV. Sales Tax of these Guidelines for additional information on the two “one-day, tax-free” sales days. Please make sure your fundraiser qualifies based on the information provided in the Comptroller’s Office publication. For sales tax questions, please contact the Texas Comptroller’s Office (see Who to Call list). Parent organizations must have an exemption from sales, use, and franchise tax from the Texas State Comptroller’s Office to be entitled to the two “one-day, tax-free” sales days per calendar year. A club must apply for a Sales Tax Permit to charge Sales tax to fundraisers and by going to [Texas Online Tax Registration Application](#)

Tracking and Reporting Fundraisers

Booster clubs make reports and keep track of their sales and how much they make on the fundraisers they create and control. These reports help with showing records of how much profit was made and how much was lost during the fundraiser. They also report payments used for the items that were being sold during the fundraiser and, of course, how much the items were being charged.

MISD Facility Use for Events

Whenever the Booster Club or PTA requests to use a campus facility for a fundraiser, whether concessions or an event, the principal must approve it for the campus. It must follow the rules of when it can occur after school hours, keep the facilities clean, and not cause damage. If any damages are caused, the club will be responsible for the cost of the damage and could be suspended from using the facility.

Vendors for Fundraising Items or Services

MISD has a list of approved vendors for the district to use, which are the same vendors the Booster Club and PTA can order and use. [Purchasing / Approved Vendor List](#). The vendors on

the list are district-approved, and if the booster club would prefer to use a vendor that isn't on the list, they can do so with their own liability in what the vendor has a contract for.

Example of a Fundraiser

Science Club is having a fundraiser to help reduce the cost of a special field trip. The cost of the trip is \$5,000 for 100 people. Therefore, each person's cost for the trip before the fundraiser is \$50. Of the 100 people participating in the trip, only 50 people participated in the fundraiser and raised a total of \$1,500. The \$1,500 must be split equally among the 100 people going on the trip; even though only 50 participated in the fundraiser. Therefore, each person receives a benefit of \$15 ($\$1,500/100$). Now, each person's cost for the trip is \$35 ($\$50 - \$15$).

Request to Purchase a Capital Expense

PTA/Booster clubs help provide supplemental equipment, materials, etc., that the district does not have the capacity to provide in the annual budget. The district recognizes the value of PTA/Booster Clubs' support of campuses and respects their desire for campus improvements through capital expense requests. Items purchased with a value of \$5,000 or more and provided to the school district are required to be disclosed to the district. Any item with a value over \$20,000 is required to be board-approved prior to the district being able to accept the donation.

Items or projects with a value of \$5,000 or more are required to go through an approval process to ensure the purchase is in line with the district's needs. A Google form labeled PTA/Booster Club Request to Purchase a Capital Expense on Behalf of the District is located on the districts website under the PTA/Booster Club Tab within the Financial Services webpage. This form should be completed prior to moving forward with the purchase or project. The reason for the form is to ensure the purchase or project is in line with the needs of the district and is a supplemental item rather than something that should be purchased by the district. The form asks the following questions;

- The reason for the request
- Details on what the request entails
- How will the request help achieve the district strategic plan
- Cost of project/purchase
- Timeline of project/purchase
- Lifespan of capital expense
- Whether there are recurring costs and, if so, what they are for and the associated costs

Once the district receives and reviews the request, a determination will be made, and the organization will be informed of the final outcome.