



Principal, Campus, and Student

ACTIVITY FUND PROCEDURES MANUAL

Effective September 1, 2024

ACTIVITY FUND PROCEDURES MANUAL

Thank you for taking on the role as a sponsor of a Calallen ISD Principal Activity, Campus Activity or Student Activity Club. Whether you are a first-time sponsor or have sponsored a group/club for years, the responsibilities can be daunting. This manual has been developed to assist you with the day to-day requirements of maintaining the activity fund for your campus, club, or organization. The role of the sponsor has changed tremendously over the past few years as more and more legal requirements and audit controls have been placed on school districts.

The purpose of this handbook is to provide you with the guidance necessary to oversee activity funds successfully and in-depth guidance on successfully running a fundraiser. Keep in mind that the procedures have been developed to protect YOU. Procedures have been developed to help safeguard all funds and to ensure that the district's financial activities are maintained with high standards and comply with federal and state laws and regulations.

The principals, teachers, and clerical staff are placed in a position of trust by parents and students when funds are placed in their care. Adequate measures to control these funds will assure parents and students that the funds are handled properly. Activity Fund accounts may not be used to circumvent the controls established, or the District's purchasing procedures and relevant statutes.

Principals, secretaries, coaches and sponsors are encouraged to become well acquainted with this manual and to utilize it as the official guide. Questions regarding these procedures should be directed to the Business Office. We will be happy to assist you in meeting the needs of your campus, club, or organization.

Good luck and have a great year!

Kelsey Ramos
Assistant Superintendent of Finance & Operations

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All **district forms** are denoted with **blue highlighted**.

All **written procedures and guidelines** are denoted with **green highlighted text**.

All **website hyperlinks** are denoted with **blue underline text**.

All **changes** are denoted with **yellow highlighted**.

ACTIVITY FUND OVERVIEW

Activity funds are used to account for district, campus and student funds generated from fundraisers, vending machines, rentals, gate receipts, concessions and other sources of revenue. These funds are held in trust by the district and are used to promote the general welfare of the school and educational development and morale of all students.

Types of Activity Funds

There are two main categories of activity funds: Campus and Student Activity Funds. Generally, the source of the revenue determines the type of activity fund. A school district should consider the following questions to determine the proper method and fund in which activity funds should be accounted:

- Do other persons besides the students (teachers, sponsors, principals, administrators, etc.) have access to activity fund? If so, this money should be accounted for in Fund 4XX - Campus Activity Funds.
- Do activity fund financial decisions rest solely with the students? If so, this money should be accounted for in Fund 8XX - Student Activity Funds which serves as an agency account for student club or class funds.

Campus Activity Funds (CAF)

- Funds belong to the campus/district.
- Campus principal directs how funds are spent.
- Money is raised locally at the school or donated to the school.
- Funds raised by the **student body as a whole**. Some examples are student pictures, school-wide fundraisers, and vending commissions.
- Expenditures must **primarily benefit the student body and have a public purpose in the realm of education**. Typical uses include field trips, awards, incentives, etc.
- Expenditures must adhere to State and Board policy and District procedures, and are subject to all purchasing and bid laws.
- The district has made the determination that all Campus Activity Funds will be accounted for in the **400 Series of Funds**.
 - 491 – HS Principal’s Activity Account
 - 492 – Wood River Principal’s Activity Account
 - 493 – West Principal’s Activity Account
 - 494 – East Principal’s Activity Account
 - 495 – MS Principal’s Activity Account
 - 496 – Magee Principal’s Activity Account

- There may be multiple sub-accounts within the CAF such as the principal’s account, library account, lost textbook account, etc. Sub-accounts within the CAF are not student club or organization funds. The funds raised within the sub-accounts shall be used to benefit that respective activity under the direction of the staff member who oversees the account, subject to the approval of the campus principal.

Student Activity Funds (SAF)

- Student organizations benefit a specific club or organization, i.e., band, cheerleading, choir, math, science, etc.
- Student organizations must have a faculty sponsor.
- Student organizations must have bylaws and officers, hold regular meetings, and retain minutes of the organization’s meetings.
- All funds raised by a student organization are to be expended at the **discretion of the students and purchases must be approved by the students and documented in the student organization meeting minutes.**
- Student organization meeting minutes documenting the purchase or Student Club Officer signature **are required to be submitted with all requisitions.**
- Student activity funds shall be used **exclusively for the benefit of students.**
- Typical uses include travel, awards, banquets, supplies, etc.
- Money raised by student clubs shall be used to benefit the group as a whole rather than being credited to individual students.
 - According to the IRS Publication 557, if individual accounts are used to accumulate fundraising profits for individuals, then a) the money becomes taxable to the student; and b) the people who donate in good faith are not allowed to deduct their contributions.
- The district has made the determination that all Student Activity Funds will be accounted for in the **800 Series of Funds.**
 - 865 – MS Student Activity Accounts
 - 873 – West Intermediate Student Activity Accounts
 - 875 – Magee Intermediate Student Activity Accounts
 - 876 – HS Student Activity Accounts

Responsibilities

Club and Activity Sponsors

Club and activity sponsors are responsible for following the procedures and guidelines for sponsors as set out in this handbook and attending annual training. Parents and students may help with activities and count money. However, the official sponsor is ultimately responsible for all activity fund activities and should sign off on all paperwork, deposits, etc.

- The sponsor is responsible for maintaining accurate records of all club business including but not limited to meeting minutes, fundraising reconciliations, and cash receipts.
- Sponsors should keep accurate records of purchased items and funds received, collect all money due to the activity account, and keep a detailed list of any amounts due from students. Sales details should be turned in to the campus secretary/bookkeeper with all funds collected. The principal should be notified if student obligations are not paid.
- Sponsors should take care to select a reputable company for the purchase of fundraising materials. In addition, the sponsor should maintain a good relationship with district vendors by submitting bills to the campus bookkeeper/secretary for payment in a timely manner.
- Sponsors must keep control of the merchandise and money. Both should be secured at all times.
- The **Activity Fund Sponsor Guidelines** are a quick reference guide and tool for sponsors to remain compliant with these procedures.

Campus Secretary/Bookkeeper

Campus secretaries and bookkeepers are responsible for following these procedures and guidelines in processing transactions. They may assist the sponsors with the entry of purchase orders or payment requests. They will also assist with the deposit of funds. They will inform the Campus Principal of any problems or concerns.

Campus Principal

Campus principals have ultimate responsibility for the proper handling of activity funds on their campus, the correct accounting for these funds, and overall adherence to the procedures and guidelines set out in this handbook.

Business Office

CISD Business Office is responsible for maintaining and updating these procedures and guidelines for activity funds, providing training for principals, bookkeepers and sponsors, and reviewing the activity of the funds to ensure adherence to the procedures and guidelines.

Independent Auditors

The district's independent audit firm will include activity funds in the annual audit of the district's financial records.

Dissolving Student Groups

An organization 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

shall be credited to the appropriate administrative activity account and may be transferred by the principal to the campus activity fund and used at the principal's discretion.

FUNDRAISING

Fundraisers provide resources for campuses and student groups that do not exist within budgeted allocations. However, when too many fundraisers are being conducted at the same time or over the course of a school year, results may be limited. In order to lessen the burden on the community and to ensure fundraising activities are successful, the following parameters have been set for conducting fundraisers. These parameters apply to ALL fundraisers conducted by campuses and student groups. The Superintendent has final approval for all fundraising activities and fundraising activity should not begin until approval has been granted.

The [Fundraiser Guidelines](#) are a quick reference guide and tool to aide sponsors in remaining compliant with the fundraiser policies and procedures.

Number of Fundraisers

- Each SAF group and Campus under CAF are allowed **TWO** approved fundraising events per school year.
- For the 2024-25 School Year, each SAF group and Campus under CAF are allowed a **THIRD** approved fundraising event to purchase a specific item/s for the campus or student group. The item/s to be purchased must specifically be listed on the fundraiser form submitted.
- In addition to the two approved fundraising events per school year, each SAF is allowed **TWO shirt sales** for district winnings and/or playoffs. HOWEVER, the sales CANNOT generate any income for the SAF and MUST BE SOLD AT COST. Minor rounding is allowed to avoid the necessity for change, and the sale price should account for shipping and handling fees, printing fees, and sales taxes owed (these are not considered tax free sales).
- Community Service Projects do not count as fundraisers, so long as they do not involve the exchange of money, and are in partnership with a local charitable organization. Community service projects include the collection and donation of small items, such as school supplies, socks, winter jackets, etc., to a charitable organization, or the donation of student volunteer time to a charitable organization. These projects require prior approval from the Campus Principal.
- Percentage shares with local restaurants do not count as a fundraiser for CAF. These are the Chick-Fil-A teacher nights, McTeacher night at McDonalds, etc. where the restaurant then donates a portion of the proceeds back to the schools. However, if a SAF chooses to do a percentage night, it does count as a fundraiser for SAF. For example, if CHS Student Council has a specific Chick-Fil-A night where the restaurant then donates 2% of sales to the club, that is a fundraiser for the SAF.

Fundraising Guidelines

- All fundraising activities must have **prior approval** from the Campus Principal and the Superintendent.
- Yearlong fundraisers are unallowable. The *selling activities* for each fundraiser should last for a reasonable amount of time, preferably no longer than three weeks.
- The sponsor of an activity fund is responsible for maintaining accurate records of all revenue collections, sales activities, and accounting for all items purchased from vendors for resale.
- All funds should be raised in alignment with the purpose of the activity fund. Other unrelated fundraising cannot occur through these accounts. For example, it would not be appropriate for HS Cheerleaders to raise funds to replace the Softball Scoreboard.
- Sponsors should take care to select a reputable company and maintain a good relationship with district vendors by submitting the bills to the bookkeeper or Business Office for payment in a timely manner.
- Sponsors must keep control of the merchandise and money. Both should be secured at all times.
- The selling of baked goods or other food items intended for human consumption that have been prepared at home by students or parents/guardians is NOT allowed

Student Participation

- Student participation in approved fund-raising activities shall not interfere with the regular instructional program
- Door-to-door sales are strictly prohibited.
- Participation in fundraisers is strictly voluntary – it cannot be required
- Student fundraising quotas are strictly prohibited
- Students may not earn credit based upon amount of money raised in a fundraising event. IRS rules stipulate that money raised must be used to benefit ALL students of the group or school EQUALLY.

Approval Process

- All fundraisers must be approved annually **before the fundraiser begins**.
- Submit a **Request for Approval of a Fund-Raising Activity** form NO later than two weeks prior to the start of activities
- If it is one of the two allowable non-income generating shirt sales, a form is still required, and documentation should be provided that the cost of the shirt matches the sale price of the shirt.

- A fundraiser may not begin until you receive an executed copy of the form with the Principal and Superintendent's signatures.
- Complete a requisition request and receive an approved Purchase Order for the all items to be purchased before the fundraiser begins.
- Material or merchandise for a fundraising project may not be ordered prior to receiving the fundraiser approval AND the approved Purchase Order. Any person ordering merchandise without the prior approval will assume full responsibility for the expenditure.

Fundraising Purpose

- Fundraisers must be held for a specific purpose and the proceeds must be used for that purpose.
- Example: If a car wash is held to help pay the way to contest, then the funds raised must be used for expenses related to the contest trip only. If you promote the fundraiser in general terms, you have more flexibility. For example, you may want to sponsor a car wash to "help support the cheerleaders."

Food

Food sale fundraisers must follow the district's nutrition policy and the Texas Department of Agriculture (TDA) regulations. Generating CAF & SAF shall not in any way compete with the district's National School Lunch Program (NSLP) or any other food service activities. Example: Neither CAF nor SAF can sell pizza at lunch to raise funds.

The TDA has established guidelines related to fundraisers. Specifically, there is no limit on fundraisers that meet the Competitive Food Nutrition Standards. Any food and/or beverage that meets the standards may sold on the school campus during the school day. The school day is defined as: the period from the midnight before the beginning of the official instructional day to 30 minutes after the end of the official instructional day.

The food and/or beverage fundraisers must fall under one of the following categories:

1. Fundraising event where the Competitive Food Nutrition Standards do not apply. Each campus may have up to six exempt fundraising days per year. Food and beverage items sold for exempt fundraisers cannot be sold in competition with school meals in the food service area during the school meal service.
2. Competitive Food Nutrition Standards do not apply to fundraising that include ordering and distribution of food and/or beverage not intended to be consumed during the school day on the school campus.
3. Food and/or beverage sold to students at concession stands or other events must meet the Competitive Food Nutrition Standards if the sale occurs during the school day on the school campus.

Charitable Organizations

Fundraising activities to benefit a particular charity may be an allowable activity. Donations may be made to charitable organization when money is raised specifically for a charity (as documented on the fundraiser approval form) and the charity and intent to donate is well noted in the advertising for the fundraiser.

The charity must be a qualified 503(c)(3) charity (approved by the IRS), and be a reputable charity in the Corpus Christi area, and have direct or indirect benefit to the Calallen ISD community. Funds may **NOT** be raised for an individual student or family.

The number of charities to be supported is limited to TWO per CAF and ONE per SAF each school year. The fundraiser form must include the specific charity information and the anticipated donation amount to the charity.

The charity and fundraising activity must fit the purpose of the activity fund. For example, the HS Interact Club fundraising to donate to Red Cross after a natural disaster in the Corpus Christi area is allowable; this fits the purpose and intent of the HS Interact Club. However, the HS Baseball Activity Fund would not be allowed to fundraise for the same cause and the same charity, as it does not fit the purpose and intent of HS Baseball.

Raffles

Raffles or any other game of chance are not allowable. A raffle is defined as the award of a prize by chance to someone who has paid some value for a chance to win a prize. Attorney General opinion no. JM-1176 states that independent school districts and their related activity fund accounts are not qualified to hold charitable raffles. An unauthorized raffle is considered gambling under the Texas Penal Code – Class C Misdemeanor.

ACCEPTABLE USES OF ACTIVITY FUNDS

Campus Activity Funds

The money must be expended to benefit the student body and have a public purpose in the realm of education. The expenditure of these funds must comply with state law, school board policy and district regulations regarding purchasing and procurement.

Allowable Uses:

- Awards (non-cash) such as plaques or certificates for students and staff
- Contracted services such as printing, DJ services, motivational speakers, photographer, etc.
- Educational field trips, meals, and other activities planned for the benefit of students as recognition for accomplishments. (Includes student and staff expenses)
- Emergency health or safety needs for students.
- Improvement of campus and site facilities such as plants, bulletin boards, signs, and flags.
- Incentives for student involvement, participation, and achievement (non-cash) that does not exceed \$25 per item
- Instructional supplies and general office supplies
- Library improvements or expansion of library books
- Parent/student functions such as Open House, Parent Night, & Graduation.
- Refreshments & snacks for meetings where the school serves as host for related activities for students, staff, and patrons (infrequent and nominal cost).
- Staff meals, refreshments, or snacks for staff appreciation, teacher in-service, or staff development that do not exceed 5 per school year at a maximum cost of \$15 per person per meal
- Staff spirit shirts that do not exceed 3 per school year at a maximum cost of \$25 per item
- Student trip related expenses such as meals, entry fees, lodging, transportation, etc. (Includes student and staff expenses)
- Staff or student meals or refreshments for working meetings (infrequent and nominal cost)
- School assemblies, student body social functions, and student field trips.
- School furnishings and equipment
- Technology software and equipment

Unallowable Uses:

- Alcoholic beverages, tobacco products, controlled substances, firearms, and other weapons.

- Any activity that does not promote the general welfare of the school or the educational development and morale of students
- Any expense which appears to benefit private individuals or entities
- Donations to individuals
- Donations to organizations or individuals including benefits to raise funds for funerals, terminal illness, personal loss of home, or any other private fundraising activities
- Donations to outside organizations (only allowed if specifically raised for a charitable organization and approved for that purpose)
- Extravagant awards or incentives, such as watches, televisions, etc., with a value in excess of \$25 per award per person.
- Extra compensation or bonuses to employees whether it be in the form of cash or gifts or payroll expenses.
- Flowers as personal gifts
- Furniture, supplies, and materials for administrative offices.
- Gifts, gift cards, gift certificates, or the like
- Loans to employees, parents or students for any reason
- Parties for staff, including food, decorations, and favors
- Payment of expenses of spouses or other non-employees (i.e. travel expenses).
- Payment of professional liability insurance
- Professional dues or fees for school personnel that do not provide a direct benefit to the district, campus or to a group of students
- Personal expenses and bills of student, family, staff member, or any other individual
- Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used at a school or district function
- Scholarships

Student Activity Funds

These funds belong to student groups or organizations, therefore, purchasing and procurement laws do not apply. However, the district must act as a trustee of these funds. Decisions about the expenditure of these funds are made by the students of the group with the assistance of a district sponsor. Expenditures must be approved by the students and documented in the student organization meeting minutes. Funds should be expended to benefit the group that raised them.

Allowable Uses:

- Awards and incentives (non-cash) that do not exceed \$25 per item
- Charitable contributions & scholarships (with approval)
- Community service projects
- Entry fees & other expenses associated with competitions & meetings
- Equipment to be used by the student members of the organization

- Membership in related organizations
- Parties & other entertainment of student members
- Supplies & materials to be used by student members of the group
- Technology software and equipment
- T-shirts, uniforms, and other student apparel
- Travel expenses for the student members & their adult sponsors, including transportation, meals, and lodging
- Other reasonable expenditures approved by student membership of the group

Unallowable Uses:

- Alcoholic beverages, tobacco products, controlled substances, firearms, and other weapons.
- Any purchases not approved by the student membership of the group
- Any purchases which appear to benefit private individuals or entities
- Any purchases which benefit adult sponsors & does not benefit student members.
- Donations to individuals
- Donations to organizations or individuals including benefits to raise funds for funerals, terminal illness, personal loss of home, or any other private fundraising activities
- Extravagant awards or incentives, such as watches, televisions, etc., with a value in excess of \$25 per award per person
- Extra compensation or bonuses to employees whether it be in the form of cash or gifts or payroll expenses
- Flowers as personal gifts
- Gifts, gift cards, gift certificates, or the like
- Personal expenses and bills of student, family, staff member, or any other individual
- Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used at a school or district function

FINANCIAL PROCEDURES

The community, parents, and students place the principal, teachers, and clerical staff in a position of extraordinary trust when campus and student funds are placed in their care. Adequate measures to control these funds will assure the community, parents, and students that the funds are being handled properly. It is for the purpose of providing this assurance and protection that Activity Fund financial procedures have been established.

Online Payments

The District **strongly encourages the use of the District's online payment platform RevTrak**, or the fundraising vendors online payment platform, when fundraising or collecting funds for CAF and SAF groups and activities. The use of online payments eliminates the responsibility and burden of the sponsor and campus administration of collecting, accounting for, and depositing cash and check payments. Additionally, the use of online payments ensures that the Activity Funds receive revenue and payments timely and avoids the burden of collecting on returned checks. The Business Office budget absorbs the cost of all RevTrak online payment processing fees; therefore, it is a free resource available to all CAF and SAF groups.

Cash Handling

- Do not keep cash for *any* reason
- Do not deposit money in a personal account
- Submit all money to be deposited in the same form as collected
- **No cash purchases are allowed to be made with any cash on hand.**
- Cash receipts shall not be used to purchase items or pay for items sold
- Funds should not be kept in classrooms, personal wallets or purses, or at home for extended periods of time. Keep cash secure at all times.
- Staff is strictly prohibited from "borrowing" district funds. Staff who borrow (defined as temporarily removing of funds with the intent to return the funds) or steal district funds shall be subject to disciplinary action, up to and including termination of employment and may face criminal prosecution.

Deposit of Funds

All money collected by club sponsors, fundraiser sponsors, teachers, secretaries, or principals should be submitted for deposit on the day it is collected. If funds cannot be deposited, they should be turned in to the campus or Business Office for placement in a safe until the deposit can be made. All funds shall be deposited within five days. **Under no circumstances should collected funds be taken home or be kept in a desk, classroom, purse or other unsecured location.**

- Checks should strictly be made payable to Calallen ISD.
- All money collected must be submitted in the same form as collected. A staff member is not to substitute his/her personal check for cash collected. No personal checks are to be cashed from the funds collected.
- **Expenses CANNOT be taken out of cash receipts before deposited.** Total funds collected must be what is deposited.
- Deposits should be made daily. When a daily deposit is not possible, funds should be kept in a secure location.
- Total of cash and checks should be shown separately on the deposit slip.
- **A completed Cash Receipts Transmittal Form must accompany all deposits, and should be signed by the person collecting the monies and preparing the form**
- When a sponsor submits funds collected to the Campus Secretary, Bookkeeper, or Business Office for deposit, these funds should be verified by the receiver in the sponsor's presence. This is a prudent cash-handling procedure that protects both the receiver and the sponsor.
- The sponsor will bear responsibility for any missing deposits or deposit shortages if funds are not verified in the presence of the receiver.

Expenditure of Funds

- **ALL** purchases require prior approval via a Purchase Order (PO).
- Do **NOT** spend any of the collections prior to depositing funds. Expenditures must be made through the Business Office or Campus Bookkeeper using the Purchase Order process.
- No **CASH** purchases should be made
- Material or merchandise for a fundraising project may not be ordered prior to receiving the fundraiser approval AND the approved Purchase Order. Any person ordering merchandise without the prior approval will assume full responsibility for the expenditure.
- SAF must be spent at **discretion of the students and purchases must be approved by the students and documented in the student organization meeting minutes.**
- SAF student organization meeting minutes documenting the purchase or Student Club Officer signature **are required to be submitted with all requisitions.**

Fundraiser Documentation

A fundraiser is conducted to raise as much money as is possible for the student group. In order to reconcile and 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.

The following records should be retained for each fundraiser:

- Approved **Request for Approval of a Fund-Raising Activity Form**
- Copies of deposited **Cash Receipts Transmittal** Forms documenting all monies collected
- Collection reports and list of students with outstanding receipts
- Purchasing documents including quotes, requisition requests, approved Purchase Orders, delivery receipts, and invoices
- Completed **Fundraiser Reconciliation Form** (recommended but not required)

Refunds

Refunds can result from various reasons including cancellation of field trips, overcharges on books, items not delivered, etc.

- Refunds are allowable if money was contributed directly by the individual and the service or product the funds were collected for are not fulfilled.
- Money raised in the school's name may NOT be refunded to students.
- The original deposit must be clearly identifiable in the accounting records and the refund will ONLY be issued back to the original payor.

Awards, Incentives, and Prizes

- Cash awards, incentives, and prizes are **STRICLY PROHIBITED**. "Cash" includes gift cards, currency, checks, savings bonds, money orders, or any other medium which can be readily converted to cash.
- Awards, incentives, and prizes of non-cash items are allowable, so long as they do not exceed \$25 per item

Contracts

Only the Superintendent and Director of Finance are authorized by the Board of Trustees to financially and contractually bind and obligate the District. No other employee shall sign or execute contracts on behalf of the District.

Donations

All donations require prior approval by the Superintendent, per Board Policy. A potential donor wishing to donate to the District shall seek prior approval of the proposed gift by submitting a **Donation Acceptance Request Form** for consideration by the Superintendent.

District funds may not be donated to another entity; therefore, donations are not allowed from the CAF. SAF accounts may donate their funds to other entities, such as Red Cross, March of Dimes, etc. See Charitable Organizations section for more information.

Gifts

- Funds raised in the school's name by the student body or student groups may NOT be used to purchase gifts for school personnel
- Students may contribute personal money toward the purchase of a gift for school personnel, but there must be a very clear audit trail of approval, deposit, and expenditure of the funds for this purpose.
- Funds raised in the school's name may NOT be used by the school or student group to make cash contributions to individuals or families.

Gift Cards

The purchase of gift cards with District funds is **STRICTLY PROHIBITED**, including both CAF and SAF. Gift cards donated to the district by outside sources may be given to employees and students as a reward or incentive.

Travel Guidelines

Student Activity funds may be used to pay for student and travel expenses for organization/club-related expenses, such as Band, Student Council, etc. Student Activity funds may not be used to pay for sponsor travel costs for travel that does not include students. The District's **Travel Guidelines and Procedures** shall be adhered to in requesting funds for travel expenses. Travel expenses may include registration fees, meals, mileage, lodging, and transportation costs. Both Campus and Student Activity funds may be used to purchase on-site or off-site group meals for staff or students, as appropriate.

SALES TAX

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

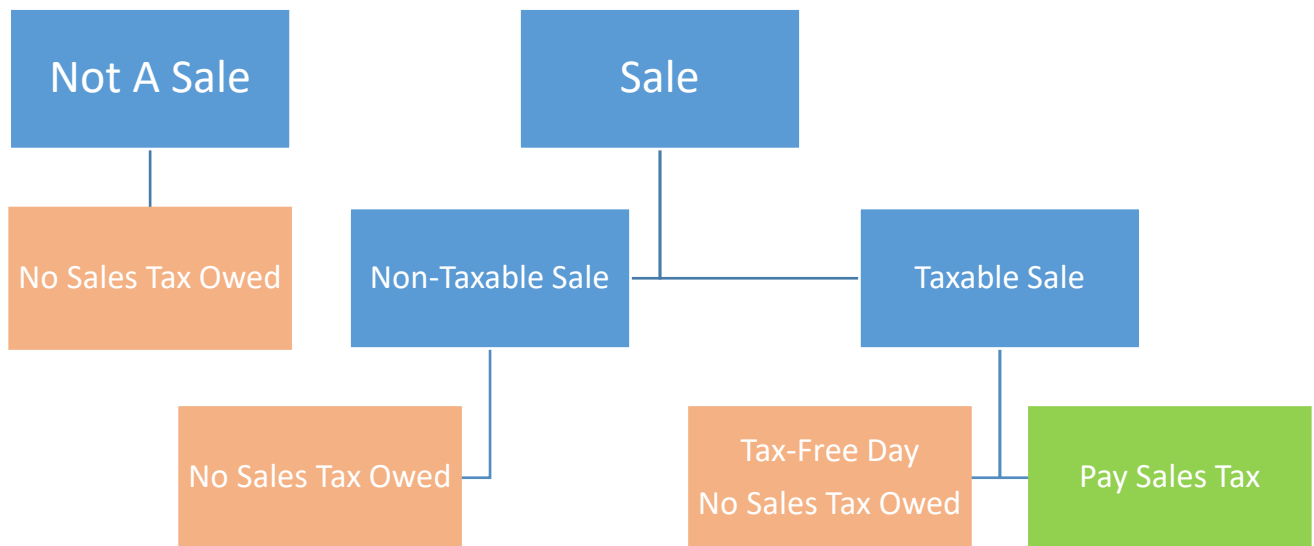
CISD's exemption from paying of sales tax on purchases does not relieve it from the obligation of collecting sales tax on its sales. In general, if an item is purchased to enable the school to fulfill its educational purpose it is exempt from paying sales tax. **However, when a school purchases taxable items for resale, sales tax must be collected when the items are resold.**

For full publication on rules and regulations, reference the Texas Comptroller of Public Accounts tax publication on School Fundraisers and Texas Sales Tax found here:

<https://comptroller.texas.gov/taxes/publications/>

There are two steps in determining if sales tax is applicable, first you must classify the revenue as a sale or not a sale, then if it is a sale, you must determine if sales tax is owed. The diagram below explains the steps to determining if sales tax is owed.

Sales Tax Decision Tree



When the school or school group receives a commission, the sales tax provisions do not apply because the sale is the vendor's sale, not the school's sale. These are "catalog" type sales. 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.

Sale or Not a Sale?

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

Sale

- Admission fees collected- athletics, dances, performances, clinics, workshops, camps
- Donated items that are sold
- Fundraisers for which we are the direct seller, not just the middleman
- Sales of food, merchandise, and services
- School publication sales
- Parking permits
- Rental of facilities

Not a Sale

- Commissions received
- Donations received
- Dues, Fees, Fines, and Tuitions
- Fieldtrip collections
- Student collections to pay for a specific purpose, like movie ticket, AP exam, PSAT, admission tickets, etc.
- Marathon fundraisers (the XXX-a-thons), these are considered donations

Once the activity has been determined to be a sale, then you must determine if it is a taxable or non-taxable sale.

Taxable Items

The following items are examples of items on which to collect sales tax:

- Any non-food items sold by clubs and organizations as fund-raising projects such as candles, cookbooks, T-shirts, caps, etc
- Any type of materials such as pennants, ribbons, pom-poms, etc
- Athletic/physical education equipment and uniforms sold directly to students
- Books, book fairs

- Items manufactured by students and sold
- Plants and floral arrangements
- Rummage, yard and garage sales
- School rings
- Spirit items
- Student publications – athletic programs, directories, posters, etc.
- Supplies sold to students
- Uniforms
- Yearbooks

Non-Taxable Items

The following items are examples of tax-exempt sales items:

- Ad sales
- Admission tickets (such as athletic events, dramas, dances)
- Club memberships
- Discount/Entertainment cards or books
- Facility Rentals
- Food items sold during fundraisers, including candy and sodas
- Magazine subscriptions sold for 6 months or longer
- Parking permits
- School newspapers
- Services, such as car wash

This is NOT an all-inclusive listing of taxable and non-taxable items. For more information, reference the Texas Comptroller of Public Accounts tax publication on School Fundraisers and Texas Sales Tax found here: <https://comptroller.texas.gov/taxes/publications/>

Tax-Free Days

Each school district, each campus (CAF as a whole), and each bona fide chapter of each school (individual SAF accounts) are allowed to have **two, one-day tax-free sales each calendar year**. During these tax-free sales, the organization may sell any taxable item tax-free when the price of the item is \$5,000 or less.

One-day sale means 24 consecutive hours; the delivery should be made on a single day. 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. Example: all yearbooks presold and delivered

on the one delivery day are considered part of the on tax-free day. Purchases of yearbooks at a later are fully taxable.

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 the item is \$4.00, the school will collect \$4.33 (\$4.00 plus \$0.33 tax) from the buyer. The school keeps \$4.00 and remits \$0.33 for sales tax.
- **Absorbing the tax in the selling price of the item.** If an item sells for \$4.00 including tax, the school keeps \$3.67 and remits \$0.33 for sales tax.

If the sponsor fails to calculate and charge the buyer the sales tax in the price of the item, the Business Office will do so by absorbing the tax in the selling price of the item. When the Business Office deducts sales tax from a fundraiser deposit, the net profit from the fundraiser is reduced. The Business Office is responsible for transmitting all sales tax collections to the State Comptroller's office.

BOOSTER CLUBS AND PARENT ORGANIZATIONS

Booster and parent organizations are composed of parents, community members, and/or staff volunteers coming together for the purpose of supporting specific school activities to benefit students, for example athletic teams, debate teams, and musical groups. This type of organization is known as a school-connected organization.

The most common school-connected organization is Parent Teachers Association (PTA). School-connected organizations are separate from the school districts with which they are associated. However, booster and parent organizations do not have free access to schools and their students. The Board of Trustees and administration have, and must maintain, exclusive control and management of its public school system.

A clear separation of responsibilities between the district and school-connected organizations should be maintained. School-connected organizations serve as auxiliaries to the school program and conduct activities and fundraising events involving the primary participation of parents and other adult community members.

Funds raised by school-connected organizations are used to support programs. The preferred method is to direct funds to the district for specific purposes, such as the purchase of specific items of equipment or to provide financial assistance to students with need in relation to uniforms or trips.

Booster clubs, PTAs, and other associated groups may not use the district's tax exemption certificate or employer ID number. By law, these groups must obtain their own tax exemption status and employer ID number. Sponsors should never give these groups the district's ID number or tax exemption certificate.

FREQUENTLY ASKED QUESTIONS

What Makes an Activity a Fundraiser?

The activity is a fundraiser when there is a collection of money for goods with the INTENT to raise funds (passbook, cookie dough, etc.), services (car wash), or event (play, concert, dance, etc.). A fundraiser may make a profit, break even, or lose money. While all fundraisers should be held with the intent to raise money, the activity may result in a loss of money when the costs exceed the revenues generated.

Who Can Conduct a Fundraiser?

Campus Activity Funds: Yes, a campus may have a fundraiser to benefit the campus, staff and students. Campus fundraising projects should be organized, controlled, supervised and performed by district staff and not by PTA/Booster Clubs or other individuals. Each campus is limited to **TWO school-wide fundraisers per school year**.

Student Activity Funds: Yes, but the student organization must have a student activity account established. Student organization fundraisers should be organized by the student club; controlled and supervised by the sponsor; and performed by the student club. Each school sponsored clubs and organization is limited to **TWO fundraisers per group per school year**.

What Are the First Steps in Having a Fundraiser?

All fundraising activities must first be PRE-APPROVED by the principal and receive final approval from the Superintendent. The Fundraiser Approval Form is to be submitted and approved at least one week PRIOR to beginning any fundraising activities.

What Other Fundraising Guidelines Must Be Followed?

- Once the fundraiser has been approved, a requisition is to be submitted for any items that need to be ordered.
- Materials/supplies may not be ordered without an approved purchase order.
- Maintain complete and accurate records of all funds received.
- All funds must be counted and verified by two people and documented.
- All checks are to be made out to Calallen ISD.
- Deposits should be made as often as possible with no significant time lag between receipt of monies and the time it is turned in for deposit, usually within one to two days.
- Complete a Fundraiser Reconciliation Form at the conclusion of the fundraiser

Can I Buy Items with My Own Money and Be Reimbursed?

No, the District strictly prohibits employee reimbursements for items purchased without prior approval and without following purchase order procedures. Remember, doing so without prior approval could result in the sponsor/purchaser becoming personally liable for the bill!

What School Board Policies Relate to Activity Funds?

Do's and Don'ts of Student Fundraising

FJ Policy: <https://pol.tasb.org/Policy/Code/947?filter=FJ>

Activity Funds Management

CFD Policy: <https://pol.tasb.org/Policy/Code/947?filter=CFD>

Financial Ethics

CAA Policy: <https://pol.tasb.org/Policy/Code/947?filter=CAA>

Who Do I Contact with Questions or If I Need Help?

- If you need help or do not understand something, ask your Principal or contact 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 or the Director of Finance.
- If you are asked to do anything you do not believe is correct or in accordance with policy, notify your Principal or the Director of Finance.

FORMS AND OTHER RESOURCES

Forms

[Donation Acceptance Request Form](#)

[Organization Cash Receipts Voucher](#)

[Fundraiser Reconciliation Form](#)

[Request for Approval of a Fund-Raising Activity](#)

Other Resources

[Activity Fund Sponsor Guidelines](#)

Fundraiser Guidelines