Booster Club Guidelines

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Purpose and Operational Overview

Purpose

Booster clubs are any support organizations formed by parents, interested community members, and/or interested patrons as a means to support extracurricular activities or complement a particular student group. When students participate in extracurricular activities and programs, they enrich their education and increase their curricular and real-world experiences through friendly competition and engagement of students across our city, state, and nation. Although a booster club works very closely with the District, it is a separate, legal entity from the District. The booster club must be approved by the appropriate District Administrator, submit the required documentation each year, and attend their designated, annual Booster Club training. In addition, an exempt organization must abide by all WISD policies and procedures, UIL regulations, and federal and Texas state laws concerning booster organizations. Booster groups who fail to comply will not be allowed to operate and will be dissolved. Willis ISD appreciates the time, contributions, and energy of our parents and stakeholders who selflessly give of themselves in participation with booster clubs.

Relationship with WISD and Acknowledgements

The Willis Independent School District (WISD) has prepared this Booster Club Guideline document to aid booster clubs with needed information and assistance in creating, operating, and maintaining nonprofit, school-related organizations in support of our students. In providing these guidelines, Willis ISD acknowledges the unique relationship between nonprofit organizations as an independent entity, and the school district, and has compiled this document to provide clarification to that relationship as our valued parents and supporters work to manage those organizations. Willis ISD does not serve as a legal or financial representative of booster clubs and as such, those organizations should seek out board and member training, legal counsel, accounting, taxation, and insurance guidance based on the individual need of each organization.

Booster Club Operational Goals

As mentioned, booster clubs operate as independent entities in regards to their tax status, filings, goals, and philosophies. These groups elect officers, establish bylaws to ensure successful operations of the organization, and often work hand-in-hand with the respective program(s) that they are established to support. Congruently, Willis Independent School District works as an independent organization, operating to partner with approved school-related entities (such as booster clubs) to optimize opportunities for students within its many programs and extracurricular activities. WISD desires to support booster efforts in direct communication with these entities to maintain positive rapport, ensure compliance to state and federal law, University Interscholastic League (UIL) policy, and its own district board policy. The best booster/district relations are generated at the campus level, with frequent and transparent dialogue regarding goals, desires, supportive ideas, and clear financial procedures. These facets work seamlessly to aid programs in additional financial and logistical support of

our many students and teachers.

District Responsibility and Authority

Superintendent's Responsibility and Authority

Per the UIL, the Superintendent is solely responsible for the entire UIL program, all school activities, booster clubs, events, and personnel within Willis ISD. As such, the Superintendent may utilize his/her authority to designate responsibilities to district leaders (campus principals, district-level administrators, executive leadership). In this manner, multiple school-related organizations may operate at multiple district campuses in collaboration with those leaders to ensure compliance with WISD policies regarding operation.

Booster organizations, though independent, work in agreement with Willis ISD board policy by establishing themselves officially and forming as a school-related entity. Within that operation, the Superintendent or his/her designee has a responsibility to ensure that compliance and may execute changes, veto decisions, and take action to ensure the legal, ethical, and safe operation of those school-related organizations.

Per WISD board policy GE (LOCAL), "The Superintendent or the principal has veto power over any action of a school-related club or organization"

It is the desire of Willis ISD that all booster club organizations work collaboratively and within legal, ethical, and safety parameters. If those operational expectations are not met, however, Willis ISD has authority and responsibility to make corrective action(s) to restore operational function to the organization or to disavow the organization due to the noncompliance issue(s).

Sponsor's Responsibility and Authority

The program coach/sponsor/director serves as the liaison between the club and the school, under the direct supervision of the principal. The coach/sponsor/director is responsible for determining the program activities with the approval of the principal. The coach/sponsor/director should work closely with the Booster Club during the budget cycle to avoid cost overruns and to ensure program needs are met. The coach/sponsor/director is prohibited from serving as an officer of a Booster Club or being an authorized signer on a club bank account. Cooperative partnerships work best when lines of communication between the coach/sponsor/director and club are open and as a result, will foster an environment of trust and ultimately, success. Program sponsors are expected to attend all booster meetings in which actionable, voting items are occurring to ensure awareness and guidance of booster activities. If sponsors are unavailable, the campus principal may appoint a designee to represent the district within the meeting.

Governmental Contact Information - Nonprofit Organizations

Internal Revenue Service

https://www.irs.gov/charities-non-profits
(877) 829-5500

Texas Secretary of State

www.sos.state.tx.us
(512) 463-5555

Texas Secretary of State (Nonprofit Organizations Site)

www.sos.state.tx.us/corp/nonprofit_org.shtml
(512) 463-5555

Texas Comptroller's Office

https://comptroller.texas.gov/
1-800-252-5555

Texas Comptroller's Office (Tax-Exempt / 501(c)3 Organizations)

https://comptroller.texas.gov/taxes/exempt/
1-800-252-5555

University Interscholastic League (UIL) Headquarters

http://www.uiltexas.org/ - (Home Page)
http://www.uiltexas.org/policy/booster-club-guidelines - (Booster Club Guidelines)
512-471-5883

Willis Independent School District

http://www.willisisd.org - (Home Page)
www.willisisd.org/departments/business-finance - (Booster Club General Information)
Willis ISD Board Policy; Booster Clubs - GB (Legal), GE (Local), GE (Legal)

General Responsibilities & Guidance

As mentioned previously in this document, the WISD Booster Club Guidelines serve to provide general, not specific and/or all-inclusive, tax and other information as it relates to the Booster Club. This information is provided by the District's Division of Finance; however, the District is not an authority on specific accounting situations or tax-related issues concerning individual Booster Club. It is each Booster Club's sole responsibility to seek competent professional tax and legal advice on its own and at its expense on an as needed basis to assist and to advise it on legal and tax matters. Booster Clubs should comply with all Willis ISD policies, UIL regulations, and Federal and Texas state tax laws.

General Guidance

- A Booster Club is created by parents to provide support for school programs. According to the District's Board Policy GE (LOCAL), "District-affiliated school-support or booster organizations shall organize and function in a way that is consistent with the District's philosophy and objectives, within adopted Board policies, in accordance with applicable UIL guidelines and financial and audit regulations."

- Each Booster Club is a separate entity from the District and its school, and may not represent the District nor bind the District or any of its employees to a third party with which the organization may conduct business.

- Each Booster Club shall operate under bylaws and should be kept in writing in the permanent records of the organization.

- All meetings of parent organizations must be public meetings. Minutes of all Booster Club meetings should be kept in writing in the permanent records of the organization.

- Schools are not always equipped nor funded to receive, sort, safeguard, or distribute mail for all of the District's Booster Clubs and exempt organizations. Therefore, Booster Clubs and exempt organizations should obtain a post office box or a private mailing box to receive official Booster Club mail. The District does not recommend using a home address since officer's change frequently. It is very important to maintain a consistent mailing address.

- Booster Clubs have no authority to direct any school employee in any of his or her duties. Further, they have no authority to guide, direct, or establish guidelines for any school or student activity. Booster Clubs shall not raise funds without receiving appropriate District Administrator approval.

- If any organization approved by the Superintendent or designee disbands, ceases to operate, chooses to withdraw from association with the District, or fails to be re-approved by the Superintendent or designee, all funds and property of the organization shall become property of the District.

- Any organization that fails to adhere to any Board policies or any administrative

regulations may be disbanded and shall cease to be recognized by the District as a legitimate school-related club or organization.

Sponsorship Review Process & Authorization

- All sponsorships and/or paid advertisements to Booster organizations must be reviewed first by the program sponsor and then the campus principal and authorized in writing (email). Booster clubs shall review business and organizational information and/or proposed sponsorship materials prior to use for appropriateness.

- All proposed sponsorship materials shall comply with ethical standards within the Willis ISD Student Handbook and shall exclude offensive images or language that is vulgar, offensive, lewd, indecent; or images or language that contain fighting words, incites criminal activity, contains extortion or threats, includes hate speech, or promotes illegal use of drugs or alcohol.

Political Affiliation Prohibitions

- As defined, school-related entities, Booster clubs shall prohibit political candidates or parties from publicizing in booster club documents, events, activities, sponsorships or seasons.

Responsibility

- The responsibility for the proper collection, reporting, disbursement, and safeguarding of all money and other Booster Club assets rests solely with each Booster Club's officers, jointly and severally, not with the school district or with any of the District's employees.

- The commingling of Booster Club money with school money is strictly prohibited. A legitimately organized Booster Club must have a separate bank account for collections and disbursements outside of the campus activity funds.

- Booster Clubs should begin each year with specific goals in mind before determining the dollar amount needed in a fundraising event. It is important that all funds collected through fundraising efforts are spent for the purposes they were collected.

- For proper safeguarding of funds, all funds received should be received (with an accompanying receipt) and deposited within 24 hours.

- It is suggested that at least two officers sign each disbursement. One signer shall be a parent or guardian with children in the affiliate Booster Club.

- Booster Clubs should not use the school's name on its checks or on its literature. The use of the school name might imply that the school or the District is responsible for any obligations entered into by the club. A proper name on accounts and literature would be "ABC High School Band Booster Club" as an example.

- District employees including principals, teachers, sponsors, and coaches may not serve in a financial capacity of a Booster Club. Examples include treasurer, fundraising

chairperson, or check signer.

- UIL guidelines state "*Individuals who actively coach or direct a UIL activity should serve in an advisory capacity to the Booster Club and* should not have control or signature authority over Booster Club funds, including petty cash or miscellaneous discretionary funds. Coaches wish-lists should have received prior approva*l from school administration before submission to boosters*."

If you have questions concerning specific UIL Guidelines, then please contact:

- Designated Head Coach/Program Sponsor (Football, Band, Baseball, Choir, etc.)
- Campus Coordinator (Athletics) or Department Chairperson (Fine Arts, CTE, Academics)
- District Fine Arts Office

- School employees may not accept loans of funds from parent and student organizations.

- Direct payments or cash to District employees are not permitted uses of booster funds. This means that no cash or check may be given to any school employee to use at his or her discretion. This type of cash payment would have no legitimate purpose or documentation.

- The purchase or consumption of alcoholic beverages while on school property or in the presence of students is specifically prohibited.

Specific Guidance

- **Gifts & Awards to Students**

UIL Awards and Amateur Rules govern that booster clubs may not give any gift or award in money or other valuable consideration to a student for participation in a UIL contest. Prior approval must be received in order to purchase snacks/meals for students.

Awards that students may receive are specifically outlined in Subchapter O, Section 480(a) (2) of the UIL Constitution and Contest Rules. Although all types of student activities are not regulated by UIL, for student consistency and fairness, UIL guidelines must be followed for all. No gifts or purchases that individually benefit students shall be made outside of UIL guidelines.

- **Gifts & Awards to Sponsors or Coaches**

UIL Guidelines also stipulate that coaches and directors of UIL academics, athletics, and fine arts may not accept more than $500 in money, product or service from any source in recognition of or appreciation for coaching, directing or sponsoring UIL activities. The $500 limit is cumulative for a calendar year and is not specific to any one particular gift.

- **Banquets**

Booster Clubs may hold a banquet to celebrate parent and student achievements for the year

with the approval of the campus principal. However, keep in mind that banquet favors or gifts are considered valuable consideration and are subject to the Awards and Amateur Rules if they are given to a student athlete at any time.

- **Donations**

In accordance with Board Policy CDC (Legal), gifts to the District, when not otherwise directed by the donor, vest the property in the Board or their successors as trustees for those to be benefited by the donation. Funds or other property donated may be spent by the trustees: 1). For any purpose designated by the donor that is in keeping with the lawful purposes of the schools for the benefit of which the donation was made; or, 2). For any legal purpose if a specific purpose is not designated by the donor.

UIL Guidelines state "*Money given to the school cannot be earmarked for any particular request. The Booster Club may suggest or recommend how the money is to be spent, but cannot require the Superintendent or principal to spend the money in any specific way. All gifts shall become District property and used by the District at its discretion.*"

- **Audit of Booster Club**

Each Booster Club should conduct an audit of the financial records at the end of the fiscal year, when there is a change in treasurer, and when there is a change in any officer who signs Booster Club checks.

The audit protects the Booster Club and provides a clean slate for incoming members of the organization. It assures that all deposits and payments are accounted for and consistent with the goals for the year. An audit may be conducted by an outside party such as a CPA, or an audit committee composed of at least two (2) members of the Booster Club. They should not be officers who are signers on the checking account. They should not be related to those officers who are signers on the account nor should they be related to each other.

Why is an Audit Necessary? An audit is the examination of the financial records of the Booster Club. It assures that all income and expenditures are accounted for and consistent with the budget goals for the year. It also verifies that the bank balance and ledger balance are reconciled. The audit is to protect the Booster Club Officers and the organization.

- **Booster Organizational Records & Document Retention**

All Booster Club and exempt organizations records should be maintained in a manner to facilitate the transfer of duties to new officers each year. Audit documentation should be maintained in the permanent records of the organization. Organization records not permanently retained may be kept for at least five years after the end of the fiscal year. These records should be available upon request from the respective campus principal and/or district administrator at any time, with partnership and transparency at the center of the operational

goal.

- **Liability Insurance**

It is strongly recommended that booster clubs consider the purchase of liability insurance to protect the organization and its members since the District insurance does not cover it. Coverage to be considered should include general liability, officer's liability, business personal property (if booster owned property exists), and fidelity (otherwise known as bond) coverage. The cost of the insurance varies depending on the amount of coverage, but is generally reasonable. Insurance underwriters for booster clubs, in many cases, require an annual audit to be performed by an Audit Committee and must have a procedure in place to have bank statements and reconciliations reviewed by a member without check signature authority.

- **Bank Accounts, Access & Management**

Booster clubs should set up their own separate bank account with the booster club's EIN number only. A person's social security number or the District's EIN number should not be used to set up a bank account nor conduct the business of the organization. All collections and disbursements of the booster club should be managed through this bank account should not be commingled with any personal funds or accounts.

Specific steps for opening a bank account will vary by institution; however, the following information are general steps the booster club must follow to open a bank account:

- First obtain an Employer Identification Number (EIN) from the IRS.
    a. See the Federal Tax Information section for more information on obtaining an EIN.
- Obtain a 501c3 determination letter from the IRS.
    a. See the Federal Tax Information section for more information on obtaining an EIN.
- Obtain tax exempt status with the Texas State Comptroller's Office.
    a. See the State Tax Information section for more information on obtaining an EIN.
- Provide the bank with a copy of the determination letter and meeting minutes documenting the booster club officers who will be the authorized signers on the account.

The booster club shall not use just the school's name on its checks or on its literature. The use of the school name might imply that the school or the District is responsible for any obligations entered into by the club. It must include the booster club's name on the bank account. For example, a proper name on accounts and literature would be "ABC High School Band Booster Club" with the booster club address, not the school address.

The District recommends at least two authorized signatures for each check written to assist in establishing good internal controls over check disbursements. Both signers should be parents or guardians with children in the affiliate booster club. School district employees may not be the signer on booster club bank accounts for their own campus or programs they are the sponsor for. It is recommended to have at least three authorized signers with the bank to allow for one back-up signer if one of the regular signers is not available. Bank account(s) should be

reconciled monthly.

Federal (IRS) Overview & Nonprofit Information

The purpose of this section is to provide general federal tax information to booster clubs and exempt organizations. According to the IRS, an organization is either a taxable organization or a tax-exempt organization. Furthermore, organizations may not represent themselves as tax-exempt until they have obtained notification from the IRS stating they are a tax-exempt entity. The information provided here is not intended to be specific or all inclusive. It is each booster club's responsibility to seek competent professional tax advice for its own tax reporting and filing requirements. Booster organizations should strive to remain in good standing with all federal and state regulatory agencies.

What is the benefit of becoming a tax-exempt organization?

1. Taxes are not paid to the IRS for revenues raised, and

2. Contributions to certain tax-exempt organizations [501(c) (3)] are tax-deductible by the contributor.

What are the restrictions in operating a tax-exempt organization?

Tax-exempt organizations must benefit a group as a whole instead of benefiting individual members of a group. Since Exempt Organizations/Booster Clubs usually assist student groups, all members of the student group sponsored are to be treated equally and receive the same opportunity to benefit from the Parent Organization's/Booster Club's assistance. Therefore, one student cannot receive a greater benefit than another unless the criteria for financial need discussed below is met. In some instances, individuals may not be able to afford to pay the amount owed to participate in a particular event. The IRS has indicated that a group or club may establish criteria that could be used to determine if a person is in financial need. If the criteria are met, the group or club could provide the necessary funds to allow the individual to participate. The criteria should be established in writing (in the bylaws) prior to a particular situation arising. In addition, the criteria should be used consistently for all people, and the criteria should not change every year.

Tax-exempt organizations cannot use individual accounts. "Individual accounts" are those accounts used by an Exempt Organization/Booster Club to credit an individual with revenues raised. The Exempt Organizations/Booster Clubs would use these accounts to benefit the individual by offsetting that individual's expenses with the amount credited to that individual from the revenues raised. Please note that individual accounts do not refer to bank accounts. The purpose of a tax-exempt organization is to benefit an entity as a whole instead of benefiting individuals. Therefore, the use of individual accounts could result in denial of the application for tax-exempt status by the IRS or the loss of existing tax-exempt status. In addition, the individual benefits received by people would result in taxable income to them.

Tax-exempt organizations cannot require a person to participate in fundraising activities.

Normally, Parent Organizations/Booster Clubs raise funds for a student group through the efforts of the Exempt Organizations/Booster Club members; however, sometimes the students of the group being assisted participate in the fundraising activities. A Parent Organization/Booster Club cannot require its members or the students in the related student group to participate in a fundraiser. Furthermore, members of the student group who do not participate in fundraising activities would receive the same opportunity to benefit as those members of the student group who participated.

Tax-exempt organizations cannot require that a certain amount be raised or sold per person. For example, a Parent Organization/Booster Club cannot require that each Parent Organization/Booster Club member or student of the assisted group sell $20 worth of candy or sell 10 candy bars in a fundraiser. When applying for tax-exempt status with the IRS, Exempt Organizations/Booster Clubs should apply for the public 501(c) (3) tax-exemption. This type of exemption means that the organization is tax-exempt; the majority of its income is from the public and all donations, subject to certain individual restrictions, are deductible on the contributor's tax return. In addition, 501(c) (3) organizations are eligible for state tax benefits and reduced postal rates.

Federal Requirements

1. **Employer Identification Number (EIN)**.

Prior to applying for federal tax exemption, obtain an Employer Identification Number (EIN). The IRS requires all organizations (entities) that conduct business to have their own Employer Identification Number. A member's social security number should not be used as the organization's Employer Identification Number for banking or other business purposes. Booster Clubs and Exempt Organizations are not allowed to use the District's EIN. An EIN can be applied for with no fee to the organization:

- **Online:** Go to www.irs.gov, click on "Apply for an Employer ID Number," and then click "Apply for an EIN online." This is the preferred method for requesting an EIN. The EIN is issued immediately once the application information is validated.
- **Telephone:** Call 1-800-829-4933 from 7:00 AM to 7:00 PM local time, Monday thru Friday.
- **Mail or Fax:** Use Form SS-4, Application for Employer Identification Number. Mail to: Internal Revenue Service, Attn: EIN Operation, Cincinnati, OH 45999. Fax to 1-855-641-6935.

2. **Application for Federal Tax Exempt Status.**

It is important to note that formation of a non-profit corporation through the Texas Secretary of State does not entitle the organization to exemption from federal taxes. Until you have a determination letter from the Internal Revenue Service, you still may be subject to tax. In order to be exempt from federal taxes, please apply with the Internal Revenue Service using Form 1023-Application for Recognition of Exemption under Section 501(c)(3). General instructions on the rules and procedures can be found in IRS Publication 557-How to Apply for Recognition of

Exemption for an Organization. These documents are available on the Internal Revenue Service website.

When completing the Form 1023, booster clubs and exempt organizations will establish their fiscal year-end (also known as the accounting year-end or official year-end). When considering a fiscal year-end date, you may wish to align your year-end with the school's year-end date of August 31st. This way, the financial activity of the Club can relate easily to a given school year. Second, the officers can prepare the annual financial report and have it audited before the new school year begins.

As of January 31, 2020, applications for exempt status under 501 (c) (3) of the Internal Revenue Code must be electronically submitted and filed through Pay.gov. Both Form 1023 and Form 1023-EZ are only available as an electronic form. You may be eligible to file Form 1023-EZ if you are a smaller organization with assets of $250,000 or less and annual gross receipts of $50,000 or less. The use fee is $600 for Form 1023 and $275 for Form 1023-EZ. The user fees must be paid through Pay.gov when the application is filed. The IRS publishes the latest user fee information on their website at IRS.gov.

If your application and its supporting documents show that your organization meets the requirements for tax-exempt status under the Code section you applied, the IRS will issue a favorable determination letter. If the IRS returns the application or requests additional information from you, that application will be considered filed on the date the substantially completed application is postmarked, or if no postmark, received at the IRS. Organizations that successfully submit Form 1023 or Form 1023-EZ on Pay.gov will receive an email from Pay.gov confirming payment of the user fee. In addition, any applicant may receive a letter requesting additional information the IRS needs to make its determination or the IRS may return an incomplete application. These letters will be sent out as soon as possible after receipt of the organization's application.

Upon acceptance of your organization's exempt status by the Internal Revenue Service, a determination letter will be received as evidence of approval. The letter should be kept in a safe, permanent place as it will be used time and time again to prove the organization's exempt status.

3. Annual Exempt Organization Information Returns.

Exempt organizations are required to file annual information returns. Form 990 and 990-EZ must be filed by the 15th day of the 5th month after the end of your organization's accounting period. If an organization does not file a required return or files late, the IRS may assess penalties. If an organization does not file as required for three consecutive years, the law provides that it automatically loses its tax-exempt status. See Annual Filing and Forms on the IRS website for resources and tools for completing the appropriate Form 990.

4. Tax-Exempt Contributions.

Contributions to exempt organizations are deductible as charitable contributions on the donor's

federal income tax return. However, the amount of the donation may be reduced if the donor received something of value in return for the contribution. To determine if your organization has received exempt status 501 (c)(3), you may go to the IRS website, in the "Search" box input "Pub 78" which will bring up Publications 78-Search for Exempt Organizations. When you click on this box and go to the link "search now", you will be able to search for your particular Booster Club.

Texas Secretary of State (SOS) Overview & Nonprofit Information

State Requirements

1. Texas Application for State Tax Exempt Status. Once 501(c) (3) designation has been achieved, the organization must apply for an exemption from sales and franchise tax from the Texas State Comptroller's Office. This is done by written request, which includes a description of activities, copies of articles and bylaws, and a copy of the IRS determination letter granting tax exemption. Further information may be obtained on the Comptroller's website.

2. Booster clubs and similar organizations will not qualify for exemption as an educational organization. However, if the club or school support organization is exempt from federal income tax as a 501(c)(3) or 501(c)(4) organization, they would be entitled to exemption from sales tax and, if applicable, franchise tax. These organizations should submit form AP-204, Application for Exemption-Federal and All Others, along with a copy of the determination letter from the Internal Revenue Service stating that the organization has qualified as a 501(c)(3) or 501(c)(4) organization.

3. Send the completed application along with all required documentation to: Texas Comptroller of Public Accounts, Exempt Organizations Section, P.O. Box 13528, Austin, TX 78711. The organization will be contacted within 10 working days after receipt of the application with the status of the application. After a review of the material, the organization will be informed in writing if it qualifies for exemption. If you have questions or need more information, contact them at 1-800 252-5555.

4. Although sales tax exemptions apply to purchases necessary to an organization's exempt function, the exempt organization must collect tax on most of its sales. Exempt organizations should claim an exemption at the time of purchase by providing a properly completed Texas Sales Tax Resale Certificate in lieu of paying tax to the retailer. Items purchased tax free by an exempt organization cannot be used for the personal benefit of an individual or other private party. See Exempt Organizations-Sales and Purchases (Pub. 96-122).

5. Generally, an exempt organization must get form AP-201, Sales Tax Permit, then collect and remit sales tax on all taxable items it sells. There is no fee for the permit. The exempt organization may not use the number of another Booster Club or the number of Willis ISD. They may apply on-line at the Texas Online Tax Registration Website.

6. When you obtain your Texas sales and use tax permit, you will be instructed to file your tax

return on a monthly, quarterly, or yearly basis (the determination is based on the volume of sales expected for your business). A Sales and Use Tax Return is a form used by a Texas sales and use tax permit holder to report the collection and remittance of sales and use taxes to the Comptroller's office. This filing requirement will be adjusted based on the amount of taxes that you actually collect.

Taxable Sale & Purchase Item Overview

Information and examples regarding taxable sale and purchase items, as well as state and federal guidance on food, catalog sales, one-day-tax-free sales can be found on our Taxable Sale & Purchase Item Overview Document.

Forming a Booster Organization 501(c) 3 'School-Related' Entity

Articles of Incorporation & Bylaws

Each booster organization must complete an Articles of Incorporation form in preparation of their establishment as an official entity. Additionally, they must develop and maintain bylaws that are jointly reviewed on an annual basis by the booster club officers. The bylaws should contain the details and rules of membership. This document must address the organization's fiscal year, organizational structure and the method used to elect officers. Only active members in good standing shall be permitted to hold office or vote upon any matter of business of the organization.

The bylaws should specify that there is a two one-year consecutive term maximum that members may serve in roles as the President or Treasurer. In addition, the bylaws should address the restriction that only one member of a family may serve as an officer at the same time, unless parents are serving as co-chairs in the same office which limits the family's vote to one.

Employees of the District shall not serve in a financial capacity of a booster or other parent organization. Financial capacity includes holding positions of treasurer, fundraising chairperson, or serving as a check signer. Officers should be elected on an annual basis. The WISD Bylaw Template for newly forming booster organizations can be found in the Booster Club google drive.

Membership

The Booster Club works through and cooperatively with the coach/sponsor/director to provide assistance for the planned activities of the student group. Memberships should be defined in the club bylaws. Booster Club membership should be open to any parent (current or former) or community member with a student in the sponsored program or with an interest to support the program.

Only active members should have the ability to vote or hold an office. Unrelated individuals

may volunteer for a club, but cannot vote or hold an office. Booster clubs are not allowed to charge general membership or voting fees. Membership dues are not a requirement for participation in a booster club nor should the absence of such dues exclude a child from participating in a club or program sponsored event. Family members should not serve simultaneously as officers, unless sharing responsibilities of a single office, as this presents a conflict of interest.

All active coaches/sponsors/directors, the Principal or designee shall automatically be considered members of the association. The Principal or designee other than the coach/sponsor/director, should be invited to all meetings. All meetings of the organization should be open to the public.

Willis ISD Requirements for Formation of a New Booster Organization

As a quick reference, booster officers may review the Guidelines to Formation & Approval of a Booster Organization to assist in the process of becoming approved and recognized by WISD. Boosters and parent groups must have 501(c) (3) designation in WISD. In order to be a 501(c) (3) organization, you must apply for recognition and approval by first completing the WISD Booster Club Application for District Recognition & Formation form.

Booster organizations must officially obtain an EIN and file for tax-exempt status with the Internal Revenue Service (details below) and then incorporate through the Texas State Secretary of State. Per the State Comptroller's Office, the primary benefit to incorporating is the limited liability. The following excerpts were downloaded from the Texas Secretary of State's website. The information documented below is subject to change by the Texas Secretary of State. Therefore, for the most up-to-date version of this information, please go to: http://www.sos.state.tx.us/corp/nonprofit_org.shtml. This form should be submitted to the respective WISD campus principal for consideration. If approved, the organization will be permitted to operate in collaboration and compliance with Willis ISD. Organizations who are only considering formation may find beneficial information by watching videos such as this one, highlighting the specific procedures required for establishing operations as a nonprofit entity in the State of Texas.

Willis ISD Annual Requirements for Sustaining a Booster Organization

Once approved, each school-related booster/auxiliary club shall annually submit the following to the principal:

1. A copy of the organization's bylaws;

2. The name, address, and telephone number of the persons authorized to sign any legal papers, documents, instruments, or checks on behalf of the organization. Two signatures

shall be required on all checks;

3. The name, address, and telephone number of all current officers;
4. The name, address, and telephone number of the depository for the organization's funds;
5. A schedule and/or calendar from the booster club for fundraising activities including location and a brief description;

** Parent organizations with the intent to form a booster club may begin the formation process during the school year. However, no funds can be raised or expensed until annual training is completed, all required documents are submitted, and the booster club is validated and approved by the District to operate at the beginning of the next school year.

Certificate of Formation for a Non-Profit Corporation

A non-profit corporation is created by filing a Form 202 - Certificate of Formation with the Secretary of State in accordance with the Texas Business Organizations Code (“BOC”). "Non-profit corporation" means a corporation in which no part of the income of which is distributable to members, directors, or officers [BOC, Section 22.001(5)]. Not all non-profit corporations are entitled to exemption from state or federal taxes. Two copies of the signed Form 202, along with a $25 filing fee, should be submitted to the Secretary of State at P.O. Box 13697, Austin, Texas 78711-3697. If the articles conform to law, the Secretary of State will stamp the documents "filed", issue a Certificate of Formation and return the certificate and a stamped copy to the remitter. The “filed” copy of the Certificate of Formation is conclusive evidence of corporate existence.

The Secretary of State has a website designed to meet the minimal filing requirements of the relevant statutory provisions. Please refer to http://www.sos.state.tx.us/corp/index.shtml. This site may not meet the particular requirements of every transaction, but it gives general information. The information provided is not intended to provide legal or business advice and is not a substitute for the services of an attorney or tax specialist. If you have concerns or legal questions regarding a specific transaction, you should consult a private attorney. Should you have additional questions, please contact corpinfo@sos.texas.gov. Instructions for the preparation and filing of Certificate of Formation for a Nonprofit Corporation can be located on the website for the Secretary of State. Please refer to http://www.sos.state.tx.us/corp/forms/202_boc.pdf.

Tax Exemption

A Texas non-profit organization, whether a corporation or an unincorporated association, is not automatically exempt from federal or state taxes. To become exempt, a non-profit organization must meet certain requirements and apply with both the Internal Revenue Service and the Texas Comptroller of Public Accounts. The Texas Secretary of State does not make such determinations. The Secretary of State only incorporates organizations. Only non-profit

corporations that have 501(c) (3) federal status are considered exempt.

Federal Taxes - IRS Charities & Nonprofits

To attain a federal tax exemption as a charitable organization, your certificate of formation must contain a required purpose clause and a dissolution of assets provision.

Questions about federal tax-exempt status? Contact the IRS Exempt Organizations Section at 1-877-829-5500.

State Taxes - Comptroller of Public Accounts Exemption

Questions about state tax-exempt status? Review the comptroller's FAQs or contact the comptroller's Exempt Organizations Section by phone at 1-800-252-5555.

Booster Organization Officer / Director & Liability Insurance

Officer, Director Liabilities & Insurance

Directors and Officers insurance (D&O insurance) protects your board members and booster club from claims based on mismanagement. Common D&O claims include (but are not limited to):

- Breaking booster club bylaws
- Discrimination based on race, sexuality, gender, etc.
- Intellectual property theft
- Misrepresentation
- Failure to count votes

As an appointed or elected director or officer on your booster club board, individuals in those roles serve as a fiduciary of the organization and are open to claims relating any of the above and more. Individuals serving as board officers or directors may be sued by parents, third parties, or even the club itself while they are operating as a member of the board. Booster officers / directors are encouraged to research options regarding D&O insurance and to consider the costs and merits provided by the product. Willis ISD does not make specific recommendations to booster organizations regarding insurance firms or products.

Booster Organization Legal, Accounting, & Audit Considerations

Legal Assistance

Depending on the size of the booster organization, number of members, amount of funds managed, and risks associated, your booster organization may consider seeking legal counsel to

aid with:

- Assembly of required paperwork
- Preparation of formation documents
- Preparation of dissolution documents
- General 501(c)3 legal operations

Willis ISD does not make specific recommendations to booster organizations regarding legal firms.

Professional Accounting & Audit Assistance

Depending on the size of the booster organization, number of members, amount of funds managed, and risks associated, your booster organization may consider seeking a professional accountant and/or auditor to aid with:

- Tracking, accounting, and management of financial documents and records
- Preparation of annual tax documents and general 501(c)3 financial operations
- Preparation of fiscal summary documents and budgets
- External auditing of financial practices within the booster organization

Willis ISD does not make specific recommendations to booster organizations regarding accounting or audit firms.

Bylaws & Membership

Bylaws

Each booster organization must develop and maintain bylaws that are jointly reviewed on an annual basis by the booster club officers. The booster club's Bylaws are LEGALLY BINDING, making them enforceable by the court system at all levels. As such, the bylaws should be carefully created and should contain the details of the rules of membership, as well as the club's operational allowances, policies, and timelines. This document must address the organization's fiscal year, organizational structure and the method used to elect / dismiss officers. Only active members in good standing shall be permitted to hold office or vote upon any matter of business of the organization.

The bylaws should specify that there is a two one-year consecutive term maximum that members may serve in roles as the President or Treasurer. In addition, the bylaws should address the restriction that only one member of a family may serve as an officer at the same time, unless parents are serving as co-chairs in the same office which limits the family's vote to one.

Employees of the District shall not serve in a financial capacity of a booster or other parent organization. Financial capacity includes holding positions of treasurer, fundraising chairperson,

or serving as a check signer. Officers should be elected on an annual basis.

Membership

The Booster Club works through and cooperatively with the coach/sponsor/director to provide assistance for the planned activities of the student group. Memberships should be defined in the club bylaws. Booster Club membership should be open to any parent (current or former) or community member with a student in the sponsored program or with an interest to support the program.

Only active members should have the ability to vote or hold an office. Unrelated individuals may volunteer for a club, but cannot vote or hold an office. Booster clubs are not allowed to charge general membership or voting fees. Membership dues are not a requirement for participation in a booster club nor should the absence of such dues exclude a child from participating in a club or program sponsored event. Family members should not serve simultaneously as officers, unless sharing responsibilities of a single office, as this presents a conflict of interest.

All active coaches/sponsors/directors, the Principal or designee shall automatically be considered as members of the association. The Principal or designee other than the coach/sponsor/director, should be invited to all meetings. All meetings of the organization should be open to the public.

Officer Roles & Information

President

Typically, the president of a booster organization is an individual who has previously been active in the organization. The major duties may include, but are not limited to, the following:

- Preside at all meetings of the organization;
- Regularly meet with the designated campus representative regarding booster activities;
- Resolve problems in the membership;
- Regularly meet with the treasurer of the organization to review the organization's financial position;
- Select an officer as the designee to receive bank statements. This individual shall not be a signer on the account. Upon receipt, the designee should review the activity on the bank statement and canceled checks for reasonableness. This provides an independent review by an individual not associated with disbursement activity.
- Schedule an annual audit of records or request an audit if the need should arise during the year;
- Perform any other specific duties as outlined in the bylaws of the organization.

Vice-President

The vice-president acts as the president's representative in his/her absence. They must remain familiar with the organization's activities. The major duties include, but are not limited to, the

following:

- Preside at meetings in the absence or inability of the president to serve;
- Perform administrative functions delegated by the president;
- Perform other specific duties as outlined in the bylaws of the organization.
- Larger booster organizations may choose to elect several vice-president roles with responsibility over different areas, pending needs.

Secretary

The secretary is responsible for keeping accurate records of the proceedings of the organization and reporting to the membership. The secretary must ensure the accuracy of the minutes of the meetings, and have a thorough knowledge of parliamentary law and the organization's bylaws. The major duties may include, but are not limited to, the following:

- Report on any recommendations made by the executive board of the booster organization if such a governing board is defined by the bylaws;
- Maintain the records of the minutes, approved bylaws and any standing committee rules, current membership and committee listing;
- Record all business transacted at each meeting of the association as well as meetings of any executive board meetings in a prescribed format;
- Maintain records of attendance of each member;
- Conduct and report on all correspondence on behalf of the organization;
- Other specific duties as outlined in the bylaws of the organization

Treasurer

The treasurer is the authorized custodian of the funds of the association. The treasurer receives and disburses all monies indicated in the budget and prescribed in the local bylaws or as authorized by action of the association. The major duties may include, but are not limited to, the following:

- Serve as chairperson of the Budget and Finance Committee if prescribed within the bylaws of the organization;
- Issue a receipt for all monies received and deposit said amounts in a timely manner;
- Present a current financial report including bank statements, bank reconciliations, and financial statements to the executive committee within thirty days of the previous month end (Copies should be available for review by the general membership if requested);
- File financial report at the end of the fiscal year with the Chief Financial Officer;
- Maintain an accurate and detailed account of all monies received and disbursed;
- Reconcile all bank statements as received and resolve any discrepancies with the bank immediately;
- File sales tax reports as required by the comptroller's office (monthly, quarterly, or annually);
- File annual IRS form 990, 990-N or 990-EZ in a timely manner;
- Submit records to audit committee appointed by the organization upon request or at the

end of the year;
- Other specific duties as outlined in the bylaws of the organization.

OPTIONAL COMMITTEES

Special Committees

Special committees are created for a specific purpose and voted upon by the membership. The committee is automatically dissolved as soon as that purpose is accomplished and the committee report is made. Special committees should complete their assignments within the current school year. If the objectives are not met at the end of the school year, officers will be required to reappoint members of the committee for the following year until the purpose of the committee has been achieved. Individuals who have a conflict of interest shall not be allowed to serve as members of the committee. For example, senior parents would not be included on a scholarship committee since their child is a potential recipient of the monies.

Nominating Committee

The nominating committee is formed from the organization's membership in the spring of each year. The purpose of the committee is to recommend various members of the organization for office in the coming school year. The nominating committee should be charged with soliciting recommendations for officer positions within the organization. The committee should then contact the potential candidate directly to ascertain their willingness and desire to serve. The nominating committee should report back to the membership on their results in the spring (typically by mid-April) so that elections may be held.

Audit Committee

At the end of the fiscal year, an audit of the booster club's financial records should be conducted. The audit should be performed by individuals who are independent from day-to-day financial activities. Ideally, this audit should be performed by a group of two to three individuals. The primary objectives of the audit are to:

- Verify the accuracy of the Treasurer's financial reports;
- Ensure that the club's cash balances are accurate;
- Determine that established procedures for handling booster funds have been followed;
- Ensure that expenditures occurred in a manner consistent with the organization's bylaws;
- Ensure that all revenues have been appropriately received and recorded;
- All members of the audit committee shall sign a statement indicating their agreement with the findings detailed in the report.

The audit committee shall make a report to the general membership upon completion of the audit. Any discrepancies noted shall be brought to the attention of the president of the organization and a resolution reached prior to presentation. All officers of the organization shall make records available as requested by the committee. At the end of the audit, the audit committee should produce a financial certification, an audit report, an income statement and a balance sheet. Please refer to the Appendix for suggested audit procedures and financial statement templates. Copies of final audit reports should be submitted to the campus principal

before August 1 of each year in conjunction with the WISD financial information requirements for booster organizations.

ELECTION OF OFFICERS

The election of officers of the organization will occur annually within the timelines and manner prescribed by the booster organization bylaws. Typically, the election of officers should occur by May of each year so that the newly elected officers may be in place for the start of the next school year. The transfer of records and audit of the accounts should be completed no later than September 1st of each year.

Officers may be elected in a variety of methods (simple majority, secret ballot) in accordance with the organization's bylaws. The election of officers should be from a slate of officers presented by the nominating committee in the spring of each school year. Recommendations may also be taken from the floor at the time of the vote in accordance with Roberts Rules of Order. No officer shall be permitted to hold more than one office at the same time. Officers should be voted with the input and approval of the membership. All actions of the Board should be documented in the meeting minutes.

STANDARDS FOR MEETING

Notice of all meetings of the booster organization should be published at the campus seventy-two hours prior to the meeting date. The notice should clearly indicate the date and time of the meeting and the items to be discussed. All booster club meetings should take place on school premises. In order to provide an optimum level of communication and teamwork, booster club meetings should be held in the presence of the campus principal or other school sponsor. Business determined at meetings without adequate campus representation shall be considered null and void. Should a booster organization feel that it is necessary to meet without a campus administrator or sponsor, the Curriculum department should be contacted for an acceptable replacement.

RULES FOR DISSOLUTION

To dissolve a booster organization, a resolution shall be adopted by the booster organization (or the executive board if the organization is inactive) stating that the question of such a dissolution be submitted to a vote at a special meeting of the members having voting rights. At least 30 days prior to the meeting, written or printed notice shall be given to each member entitled to vote stating that the purpose of such meeting is to consider the advisability of dissolving the organization. The booster organization must determine the distribution and usage of treasury monies and other assets before dissolution. In order to comply with Internal Revenue Service guidelines, care should be taken to ensure that excess funds are distributed within the framework of the organization's original purpose–i.e. band booster funds would remain with the musical program at that particular campus. Any other distribution of funds could void the organization's tax exempt status and force it into a fully taxable situation. This must be noted in your booster club bylaws. To expedite your efforts, specific guidance for dissolution is provided

in our WISD Guidelines for Dissolution of a Booster Club.

Also, the District's designee for overseeing the activities of booster clubs is the principal of the campus or the program designee where the organization functions. As the responsible District employee, the principal shall have the authority to discontinue the association of any school program with a parent or community organization that has been judged by the principal and/or District to be disruptive to the educational activities or goals of the program or group.

Club funds are required to be deposited in the campus activity fund in care of the school within 30 days. If dissolved, all records of the Booster Club must be returned to the campus Principal within 30 days of dissolution. Steps need to be taken to properly close down a club with the District, State of Texas, and IRS. Otherwise the club could face costly late fees and fines from taxing authorities. The following information should be turned over to the campus Principal:

- Board minutes reflecting the approval of the board to dissolve the booster club,
- A letter from the bank confirming the bank account has been closed, along with checkbooks, deposit slips, and bank statements.
- If there are any remaining funds, the booster club should write a check to the campus organization to be deposited into their 461 or 865 activity fund account.

In addition, the booster club must notify the IRS and State Office when the organization ceases its activities and dissolves. If you are required to file an annual return or notice and you are currently recognized as exempt from federal income tax, use your final return (Form 990, Form 990-EZ or Form 990-PF), that return will be used to notify the IRS about the dissolution. The final 990 return must be filed by the 15th day of the 5th month after the termination date, and include a certified copy of your articles of dissolution or merger, resolutions and plans of liquidation or merger along with your Form 990 or 990-EZ. They may also need to provide other documentation requested in Schedule N. If you applied for and received a determination of tax-exempt status and you are not required to file an annual return or notice, you should send your termination information and documentation described below to the TEGE Correspondence Unit at the following address. TEGE Correspondence Unit P.O. Box 2508, Room 6403 Cincinnati, OH 45201

Required Information & Documents

- Documentation that implements and directs your dissolution as an entity under state law. Such documentation may include o Articles of Dissolution filed with the state (for incorporated entities);
- Minutes of the meeting where the vote was taken to dissolve.
- Minutes must be signed and dated by an officer for unincorporated associations or for corporations that did not file Articles of Dissolution with their state;
- Resolution to dissolve a trust, signed and dated by a trustee
- A list of the last directors, trustees or officers, with daytime telephone numbers
- For organizations described in section 501(c)(3) only: A statement signed by an officer

describing the final distribution of assets

Organizational Record Keeping
The secretary and treasurer of the organization shall turn records over to the incoming officers within 30 days of election. Records should be kept for a period of 5 years for audit purposes.

WISD Sponsor-Officer Account Information Form

The booster organization may follow the steps noted below when making changes and updating their address or elected officers:

- Complete Form 8822-B, Change of Address or Responsible Party-Business and submit to the IRS
- The Board will need to vote on the booster club officers
- Election results must be documented in the Board minutes
- Provide a copy of the Board minutes and determination letter to the bank to update the authorized signers on the signature card
- Submit an updated WISD Sponsor-Officer Account Information Form to your respective campus Principal

Please note that an organization must report the change of address on its next annual return even if it separately reported by filing Form 8822-B, by phone, or as part of a request for an affirmation letter.

Annual Training of Booster Club Officers

ANNUAL TRAINING

To ensure compliance with Willis ISD policies and to provide operational support to our school related entities, booster club officers are required to attend an annual training session at their designated campus. This training will be facilitated by the campus principal or that person's designee. This training is mandatory for the booster club's President and Treasurer, but is highly recommended for all booster club officers to attend.

Booster Club Frequently Asked Questions

WHEN A BOOSTER CLUB RAISES FUNDS AND DONATES THOSE MONIES TO A WILLIS ISD PROGRAM (BAND, FOOTBALL, CHOIR, ETC.), DO THOSE FUNDS GO (DOLLAR-FOR-DOLLAR) DIRECTLY AND SPECIFICALLY TO THE PROGRAM THAT IS DESIGNATED?

Yes. Any donations from booster clubs (or external donors) follow a very specific and transparent process of approval and permissions to ensure those designated monies are only deposited and available for the designated program (band, football, choir, etc.). The WISD Finance process for deposits and receipts of donations should not conflict with any

organization's bylaws, as our procedures are in place to ensure collaboration and support of our school related support organizations, such as booster clubs.

ARE BOOSTER OFFICERS REQUIRED TO ATTEND TRAININGS?

Yes. WISD provides its campus leadership with training requirements, which are currently presented by the respective Principal or Assistant Principal for Student Activities on our campuses. WISD has unified that training document in a slides presentation for use at all campuses. The President and Treasurer of your organization are required to attend to ensure proper understanding and compliance with WISD policies and guidelines for Booster Clubs.

DOES A STAFF MEMBER, THE CAMPUS PRINCIPAL, OR THE SUPERINTENDENT HAVE THE ABILITY TO UNILATERALLY CHANGE THE BOOSTER'S BYLAWS OR ACTIONS?

WISD policy provides the Superintendent and / or his or her designee has veto power over any action of a school-related club or organization, including booster clubs. This policy is intended to prevent mismanagement or noncompliance to district policy of our valued booster clubs, as the Superintendent is solely responsible for all school activities and booster club operations, per UIL and WISD policy. Staff members who have questions regarding the legal, ethical, or logistical operations of a booster club should relay those items to their respective campus principal for immediate communication and resolution in collaboration with the district.

CAN BOOSTER CLUBS MANAGE TRIPS, STUDENT INFORMATION, BOOKKEEPING, OR CAMPUS BUDGET ITEMS FOR CAMPUS PROGRAM COACHES OR DIRECTORS?

No. The booster club may assist in managing events regarding general information, schedules, and logistics alongside the coach or director (such as how many lunches to deliver, etc.) but they may not manage private student information or have access to FERPA protected records or information on Willis ISD students.