

How to Start a Booster Organization in Lake Dallas ISD

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ORGANIZATION

To start a booster club, the District must approve the formation of the club and the club must comply with all District requirements. Only approved organizations operating under these Booster Club Guidelines and Lake Dallas Independent School District policies and procedures shall be allowed to use the school name and/or facilities in support of its programs. The District's designee for overseeing the activities of booster clubs is the LDISD Chief of Operations and the principal of the campus where the organization functions. Therefore specific questions regarding booster activity should be addressed to the district Chief of Operations and/or the campus principal. For the purpose of creating a new booster organization in LDISD, the members of the District Executive Board for PTA/Booster Clubs shall:

1. Approve the formation of any such organization;
2. Receive a copy of the organizing documents and bylaws of such organizations;
3. Ensure that an organization's sole function is to support the educational activities of the designated program area; and
4. Have the authority to discontinue the association of any school program with a parent or community organization that has been judged by the District Executive Board for PTA/Booster Clubs to be disruptive to the educational activities or goals of the program or group.

REGISTRATION FORM

The LDISD Booster Club Registration form must be completed for approval of the formation of a Booster organization. This form must be signed by the appropriate parties and returned to the LDISD Chief of Operations for approval. Once approved, the new booster organization may proceed with the establishment of bylaws, completing the application process for an EIN, LLC and 501(c)3 status.

BYLAWS (see provided example)

Each booster organization must develop and maintain bylaws that are jointly reviewed on an annual basis by the LDISD Chief of Operations and the booster club officers. Copies of the organization's bylaws must be on file with the Chief of Operations and the campus principal's office. In addition, an exempt organization must report name, address, and structural and operational changes to its bylaws to the IRS. If an organization files an annual return (Form 990), it must report the changes on its return.

The bylaws should contain the details of the rules of membership. This document must address the organization's fiscal year, organizational structure and the method used to elect officers. Active members should include those individuals who are parents or guardians of a student active in the sponsored program and who are currently in their dues (if assessed). Only active members in good standing shall be permitted to hold office or vote upon any matter of business of the organization. Other individuals may volunteer for the Booster Club but cannot vote or hold an office. "Members" should be defined in the Booster Club's bylaws.

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; however, exceptions may be made by the campus principal in extreme cases. 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. No officer shall be permitted to hold more than one office position at the same time, Booster organizations that have incorporated should also include document retention, conflict of interest, and whistleblower policies in their bylaws.

ESTABLISHING A NON-PROFIT CORPORATION

Booster Clubs are encouraged to incorporate under the Texas Business Organizations Code. By incorporating the organization will become formalized by adopting Articles of Incorporation and Bylaws which provide the organization's standard operating procedures. Incorporation also helps shield the individuals governing and operating the non-profit organization from liability incurred by the organization, except in cases of negligence. A non-profit corporation is created by filing a "Certificate of Formation" with the Secretary of State in accordance with the Texas Business Organizations Code. A non-profit corporation is characterized by the fact that none of its income is allowed to be distributed to members, directors, or officers of the corporation. Not all non-profit corporations are entitled to exemption from state and federal taxes.

A Certificate of Formation: Non-profit Corporation Form 202 is required to incorporate a Booster Club. This form is available on the Secretary of State's website at [Form 202 - Certificate of Formation - Nonprofit Corporation](#), and includes general information for completing the form. Two copies of the signed Form 202 should be submitted along with a \$25 filing fee. An additional copy should be retained with club records. Upon acceptance by the Secretary of State, a certificate of incorporation will be issued which serves as conclusive evidence of corporate existence. Please retain one copy with club records and submit one to the LDISD Chief of Operations.

MAILING ADDRESS

The district does not recommend using a home address since organization officers change frequently.

The district recommends that each organization use a P.O. Box as the official mailing address. The importance of maintaining a consistent mailing address for the organization:

- It will save time since the organization will not have to update the address each year to the district, the Texas Secretary of State, the Texas Comptroller's Office, the IRS, and bank.
- Organizations receive several important documents from these agencies throughout the year, and if the address changes frequently, some of these documents could be lost or misplaced.
- The IRS mails forms and other correspondence to organizations periodically. If these forms are not completed and returned to the IRS within a specific time period, an organization could lose their tax-exempt status, thereby also losing their tax exemption with the State of Texas and possibly face fines and penalties.

EMAIL ADDRESS

It is recommended that each organization obtain a standard email address and password to use as the official email address of the support organization. The email address and password can be given easily to the new officers at the beginning of each new year. The importance of maintaining a consistent email address for the organization:

- It will save time since the organization will not have to update the email address each year.
- Organizations receive several important email documents throughout the year, and if the email address changes annually, some of these documents could be lost or misplaced and not turned over to new officials at the beginning of each year.

STATE AND FEDERAL REPORTING

APPLICATION FOR EMPLOYER IDENTIFICATION NUMBER (EIN)

The LDISD Employer Identification Number is not available to parent groups for use. The IRS requires all organizations that conduct business to have their own Employer Identification Number (EIN). Each organization must file for an EIN on Form SS-4, Application for Employer Identification Number. This form may be downloaded from

<https://www.irs.gov/pub/irs-pdf/fss4.pdf>. An EIN may also be obtained by applying online at the IRS website www.irs.gov or by calling (800) 829-4933. An employer identification number

will be issued immediately by the IRS during the call process. However, the organization is still required to file a form SS-4 with the IRS.

A member's social security number should not be used as the organization's EIN for banking or other business purposes. The EIN will be the number used to establish a bank account for the organization.

BANK ACCOUNT

To open a bank account, the organization must first obtain an Employer Identification Number (EIN) from the IRS. (See Federal and State Reporting section - Application for EIN.)

- The school's name should not be solely used on the organization's checks or on its literature. The use of the school name only might imply that the school or the district is responsible for any obligations entered into by the organization. The name must include the organization's name on the bank account. Example: John Doe High School Band Booster Club.
- All payments must be made by check with two signatures.
- Individuals authorized to sign on the bank account cannot be related by blood or marriage or reside in the same household.
- Any employee who actively coaches or sponsors a UIL activity should not have control or signature authority over the organization's funds.
- All funds received should be receipted and deposited within 24 hours of receipt.
- Commingling of the organization funds and school activity funds is prohibited.
- The booster club is prohibited from loaning monies to anyone.
- The Treasurer should reconcile the bank statement monthly and prepare a monthly financial report to the Board of Directors or Executive Board or Officers and members. A copy of the reconciled bank statement should be kept on file with the treasurer and submitted to the campus principal and/or the Chief of Operations when requested.

DEBIT CARDS AND CASH APPS

It is imperative for the organization to have strong controls over the use of debit cards and cash apps for transactions. The treasurer and/or officers must carefully review the bank statement to ensure there is supporting documentation and proper approval for every transaction by its membership. Text and/or email notifications should be turned on to alert officers with bank access about each transaction as it occurs. These controls are essential in order to:

- minimize the risk of fraud and
- prevent the intentional and accidental misappropriation of funds

In case of an emergency, a group text message among all officers granting approval for a debit card transaction will serve as supporting documentation.

Cash app QR codes must be linked to the organization's bank account and not to an individual's bank account. Make sure to keep the supporting documentation for all cash app transactions.

APPLICATION FOR FEDERAL TAX EXEMPTION

Formation of a non-profit corporation does not necessarily entitle the organization to exemption from federal taxes. In order to be exempt from federal taxes, the booster club must apply for this status on Form 1023 – Application for Recognition of Exemption Under Section 501(c) 3. Form 1023 may be downloaded from the IRS website at <https://www.irs.gov/forms-pubs/about-form-1023>. Instructions for completing Form 1023 may be obtained from <https://www.irs.gov/instructions/i1023>.

General instructions regarding the tax exempt status for your organization are located in IRS Publication 557 – How to Apply for Recognition of Exemption for an Organization and may be viewed at <https://www.irs.gov/pub/irs-pdf/p557.pdf>. The Form 1023 application must be submitted through [pay.gov](https://www.pay.gov) along with the user fee which can be made through credit card or an electronic checking account payment. The fee is \$600. <https://www.pay.gov/public/home> If eligible, you might be able to file Form 1023-EZ. Please refer to <https://www.irs.gov/forms-pubs/about-form-1023> and complete the 1023-EZ worksheet (https://www.irs.gov/instructions/i1023ez#en_US_202501_publink1000102370) to determine if you are eligible for the short form. If any question is answered Yes, then you are not eligible to file this Form 1023-EZ. If eligible, the user fee for this Form is \$275.

Upon acceptance of the 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 again to prove the organization's exempt status. In addition, a copy of the letter should be forwarded to the LDISD Chief of Operations.

APPLICATION FOR STATE TAX EXEMPTION FROM TEXAS SALES & USE TAX

Organizations may apply for an exemption from Texas sales tax by completing Form AP-205-2 (<https://comptroller.texas.gov/taxes/exempt/forms>) from the Texas State Comptroller's office. Further information may be obtained by calling the Comptroller Tax Assistance staff at (800)252-5555 or from the Comptroller's web site at <https://comptroller.texas.gov/taxinfo>.

The completed Form AP-205-2 application, along with a copy of the IRS determination letter granting federal tax exemption should be submitted to:

Comptroller of Public Accounts
Exempt Organizations Section
P.O. Box 13528
Austin, TX 78711-3528

ANNUAL FILING REQUIREMENTS

Form 990/990EZ/990N

Every booster organization exempt from federal income tax under section 501(a) is required to determine the necessity of filing an annual Form 990, Return of Organization Exempt from Income Tax. A shorter version of the form, Form 990-EZ, is available for entities whose gross receipts during the year were less than \$100,000 and total assets at year-end were less than \$250,000. If an organization's annual gross receipts are normally not more than \$25,000, a return is not required, but if the organization chooses to file a return, a complete return must be filed.

Beginning in 2008, charitable organizations not required to file a Form 990/990EZ must electronically file a Form 990N with the IRS that states the following information:

- Organization's legal name and mailing address
- Any other names the organization uses
- Organization's employer identification number
- Name and address of principal officer of the organization
- Organization's year end
- Confirm that the organization's annual gross receipts are less than \$25,000
- If applicable, a statement that the organization has terminated

If an organization fails to file this information three consecutive years, the organization will automatically forfeit its 501(c) (3) status. To regain its charitable status, the organization will have to resubmit Form 1023.

UNRELATED BUSINESS INCOME (UBI)

Even though booster organizations are recognized as tax exempt, they may be liable for tax on the portion of income deemed to be unrelated business income (UBI). UBI is income from a trade or business activity, regularly carried on that is not substantially related to the charitable, education or other purposes that are the basis for the organization's exemption. An

organization that has \$1,000 or more gross income from UBI must file Form 990-T, Exempt Organization Business Income Tax Return. This form is filed in addition to Form 990 or 990-EZ and is required regardless of the level of the income received.

1099 REQUIREMENTS

Internal Revenue Service guidelines require that all payments for services or miscellaneous income in excess of \$600.00 made to an individual by a booster organization be reported on a Form 1099-MISC (Miscellaneous income) on an annual basis. The booster organization should secure an IRS Form W-9 from the provider at the time of service to ensure that the organization has an accurate record of the tax payer identification number. The organization must then issue a Form 1099-MISC or Form 1099-NEC to all qualifying vendors performed in the calendar year by January 31st. According to the IRS Instructions for Form 1099-MISC and 1099-NEC, a Form 1099 MISC must be filed annually for each person to whom you have paid during the year:

- At least \$600 in rents, prizes, and awards, other income payments, etc. for Form 1099-MISC. and at least \$600 in services (including parts and materials) for Form 1099-NEC.

The Internal Revenue Service web site should be accessed for appropriate 1099 reporting requirements and forms at <https://www.irs.gov>.

LDISD REQUIREMENTS

A copy of the following information is due annually to the Chief of Operations as soon as all yearly transactions are complete (or at the end of the season), but no later than the dates listed below:

- | | |
|-------------|---|
| August 1 | Complete Financial Audit
Adopted budget to campus sponsor (before 1st day of classes) |
| September 1 | Forms to Chief Operations Officer <ul style="list-style-type: none">● Booster Club Information Sheet● Financial Recap Report● Completed and Signed Financial Audit● Bylaws (with membership approved updates) Forms to Campus Principal <ul style="list-style-type: none">● Booster Club Information Sheet● Fundraising Approval Form (for all proposed fundraisers)● If before Sept. 1, submit 2 weeks prior to event |
| December 31 | Mid-Year Finance Report to Campus Sponsor/Coach/Director <ul style="list-style-type: none">● Balance Sheet & Income Statement |

**MUST BE SUBMITTED TO THE LDISD CHIEF OF OPERATIONS
PLEASE COMPLETE BOTH PAGES**

**Lake Dallas Independent School District
Booster Clubs & School Support Organizations
Registration & Approval Form**

To: _____ Location: _____
(Principal or Administrator Name) (School or Department Name)

Name of Organization: _____

Purpose of Organization: _____

Student Group(s) to be Supported: _____

Faculty Sponsor for Organization: _____

Estimated / Current Number of Parent Supporters: _____

I agree with the following statements:

- I have spoken with the faculty member who will serve as the sponsor of the support organization and have received their permission to submit this registration form.
- I have read the LDISD PTA/Booster Club Guidelines thoroughly and agree to abide by the rules and guidelines it contains.
- I understand that noncompliance with any District policy or criteria may result in the disbanding of the support organization by the principal or the administrator.

Submitted by:

Representative Date (Sponsor) Date

Street/Mailing Address City State Zip

Phone Number

BOOSTER CLUB REPRESENTATIVE: STEP 2 - HAVE CAMPUS ADMINISTRATION COMPLETE PAGE 2



Bylaws
of
[Insert Booster Club Name]
(A Non-Profit Corporation)

Article One
Name and Location

Section 1. The name of the organization shall be **[Insert Booster Club Name]**.

Section 2. All club meetings may be held at such places within the Lake Dallas Independent School District (LDISD) as designated by LDISD Administration and club officers.

Article Two
Purposes and Structure

Section 1. Purposes. This corporation is organized exclusively for charitable, literary, and educational purposes as defined in Section 501(c)(3) of the Internal Revenue Code. The purposes of the Corporation include raising funds and purchasing personal property and services to be used by students and faculty at **[Insert Booster Club Name]** providing volunteers for educational and / extracurricular activities that will contribute to the public education of the community; engaging in other charitable, civic, or educational activities that will contribute to the public education of the community; and exercising other powers conferred by the laws of Texas on nonprofit corporations.

This Corporation shall be self-governing, self-supporting, non-commercial, non-sectarian, nonprofit and nonpartisan, and shall seek neither to direct the administrative activities of the Lake Dallas Independent School District nor to control its policies.

No part of the net earnings of the Corporation shall inure to the benefit of any director of the Corporation, officer of the Corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation affecting one or more of its purposes); and no director, officer or and private individual shall be entitled to share in the distribution of any of the corporate assets on the dissolution of the Corporation. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publication of statements) any political campaign on behalf of any candidate for public office.

The Corporation shall not conduct or carry on any activities not permitted to be Conducted or carried on by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue code and Regulations as they now exists or as they may be amended.

The Corporation shall observe the following regulations: Lake Dallas Independent School District Booster Club Guidelines, University Interscholastic League Booster Club Guidelines and all local, state and federal laws which apply to nonprofit organizations.

Upon dissolution of the Corporation or the winding up of its affairs, the assets of the Corporation shall be distributed exclusively to charitable organizations which would then qualify under the provisions of Section (c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may be amended.

The Corporation is organized pursuant to the Texas Nonprofit Corporation Act and does not contemplate pecuniary gain or profit and is organized for nonprofit purposes which are consistent with the provisions of Section 501 (c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may be hereafter amended.

Article Three **Membership**

Section 1. Membership. Membership in this organization is open to any person who is a parent, guardian, or adult relative of a child or children who participate in the **[Insert Booster Club Name]**, and who will uphold the policies of this organization and agree to its Bylaws. A maximum of one membership shall be granted to each family unit.

Section 2. Qualification. Eligible persons shall become members by paying the prescribed membership dues per family per school year. Upon payment of such dues, a member shall be considered in good standing and be entitled to any and all rights and privileges of membership.

Section 3. Membership Drive. An annual membership drive shall be conducted as early in the school year as possible, with additional members accepted at any time.

Section 4. Dues. Annual dues shall be assessed in such amounts as determined by a 2/3 majority of the members present at the organizational meeting for the upcoming year. Dues shall be payable at the beginning of each fiscal year.

Article Four **Directors**

Section 1. Qualification. Any member in good standing is eligible to serve on the Board of Directors.

Section 2. Powers. The Board shall be the governing body of the organization and shall manage, control, and direct the affairs and property of the organization.

Section 3. Compensation. No Director shall receive compensation for any service he or she may render to the organization. Board members may be reimbursed for actual expenses incurred in the performance of their duties.

Section 4. Officers. Officers shall be elected at the last general business meeting at the end of each season and will take office immediately. The nominating committee will name a slate of officers and the floor will also be open for nominations. The officers will be elected by simple majority of the membership present. Vacancies of offices of unexpired terms shall be filled by appointment by a majority of the remaining officers. The officers and their respective duties are as follows:

a. The President shall:

- Regularly meet with the designated district representative regarding booster activities;
- Preside at all meetings of the organization;
- Resolve problems in the membership;
- Regularly meet with the treasurer of the organization to review the organization's financial position;
- Schedule 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.

b. The Vice President shall:

- 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.

c. The Secretary shall:

- 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.

d. The Treasurer shall:

- 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 on a weekly basis (daily if receipts on hand exceed \$ 250.00);
- Present a current financial report to the executive committee and general membership within thirty days of the previous month end;
- File current financial reports with the district representative on a monthly basis;
- 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 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.

Section 5. Term. Each elected officer shall serve a term of one (1) year or until a successor has been duly elected or appointed.

Section 6. Meetings. The Board of Directors shall provide for by resolution the time and place for the holding of at least one annual meeting of the Board, and of the additional regular meetings of the Board, without other notice than such resolution.

Section 7. Notice. Notice of any special meeting of the Board of Directors shall be given at least two days previously thereto by oral or written notice delivered personally or sent by mail or facsimile to each Director at his or her business address. Any Director may waive notice of any meeting, and the attendance of a Director at any meeting shall constitute a waiver or notice of such meeting.

Section 8. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a quorum of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 9. Voting. Each qualified family unit, as described in Article Three, Section 2 of these Bylaws, shall have the right to cast one vote at any matter at any particular meeting. The decision of a majority of the voting members present at a meeting at which a quorum is established will be binding on the organization, unless provisions of these Bylaws require greater vote.

Section 10. Proxy. No voting by proxy will be allowed.

Article Five **General Provisions**

Section 1. Fiscal Year. The fiscal year of this organization shall be September 1 through August 31 of the following calendar year.

Section 2. Operating Funds. Operating funds shall be maintained in a general fund, and an accounting of such funds shall be presented at all meetings.

Section 3. Fiscal Responsibility. All directors having fiscal responsibility shall be bonded.

Section 4. Annual Statement. The directors shall present at each annual meeting, or when called by vote of the members at any meeting, a full and clear statement of the condition of the organization.

Section 5. Group Exemption. This nonprofit organization will qualify as a tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue code and its Regulations as they now exist.

Article Six **Standing Committees**

Section 1. Nominating Committee. Meet to receive nominations for the elected offices of the organization and to prepare a slate of nominees and a ballot for the election of officers. The committee shall be made up of the President, the head coach and one at-large person appointed by the President.

Section 2. Banquet Committee. Responsible for organizing and coordinating the planning and implementation of all activities associated with the annual awards banquet. The Vice President shall chair the committee and name its members as needed.

Section 3. Fundraising Committee. Responsible for developing and managing fundraising projects. The President will chair the committee and name its members as needed.

Section 4. Membership Committee. Distribute membership information and coordinate membership drive. The Vice President shall chair the committee and name its members as needed.

Section 5. Scholarship Committee. Responsible for coordinating the scholarship application and selection process. The Treasurer shall chair the committee.

Article Seven
Amendments

Section 1. Amendments to Bylaws. These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a majority of the Directors, provided that such alterations, amendments, or proposed substitute Bylaws have been read or distributed to all Directors present at the previous regular meeting or such action may be made at a special meeting held at least ten days after the regular meeting at which the reading or distribution was made.

Section 2. Amendments to the Articles of Incorporation. The Directors shall adopt a resolution setting forth any proposed amendment of the Articles of Incorporation, which, if approved by a majority of the Directors, shall be again submitted for a voted at the next regular meeting of the Directors.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting secretary of the [**Insert Booster Club Name**] and these Bylaws constitute the corporation's Bylaws. The Bylaws were duly adopted at a meeting of the board of directors held on _____, 20__.

Dated: _____

Secretary of the Corporation