

# **HIGHLAND PARK ISD BOOSTER CLUB GUIDELINES**



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## **FOREWORD**

The Business Services Department of Highland Park Independent School District (District) prepared these Booster Club Guidelines to assist booster clubs in complying with District, University Interscholastic League (UIL), State, and Federal requirements. The purpose of the booster club guidelines is to provide general guidance. Business Services is not an authority on specific accounting situations or tax-related issues concerning individual booster clubs. It is each booster club's sole responsibility to seek competent professional tax and legal advice on its own and at its expense as needed to assist and advise on legal and tax matters.

## **HPISD MISSION**

The Highland Park Independent School District, grounded in an unyielding commitment to tradition, excellence, community, and integrity, provides an unrivaled and well-rounded education in academics, athletics, arts, and service, equipping all students to be citizen leaders and lifelong learners.

## **HPISD VISION**

Highland Park ISD will be the preeminent public school district in Texas and the heart and soul of the Park Cities. HP Scots will be honorable in conduct, devoted to scholarship, and charitable to all.

## **REFERENCE LIST**

Texas Secretary of State-Nonprofit Organizations [http://www.sos.state.tx.us/corp/nonprofit\\_org.shtml](http://www.sos.state.tx.us/corp/nonprofit_org.shtml)  
512-463-5555

IRS Exempt Organizations <https://www.irs.gov/charities-and-nonprofits>  
1-877-829-5500

Texas Comptroller's Office – Tax Exemptions <https://comptroller.texas.gov/taxes/exempt/>  
1-800-252-5555

University Interscholastic League (UIL) <http://www.uil texas.org/>  
512-471-5883

## **INTRODUCTION**

There are two ways for the community to financially support student groups and programs. **No one should collect or spend funds on behalf of a student group or program outside of these two provided avenues.**

### **BOOSTER CLUBS**

One way to financially support a student group/program is through the formation of a **booster club**. Booster clubs are organizations formed by parents to support a particular student group or program. **The formation of a booster club must be approved by the Assistant Superintendent of Business Services, and all HPISD booster clubs must become registered 501(c)(3) organizations.** While each booster club is a separate legal entity from the District, booster clubs must work very closely with the District to be recognized as an HPISD booster club in good standing. HPISD booster clubs must abide by all Highland Park Independent School District policies and procedures, University Interscholastic League regulations, and state and federal laws.

### **STUDENT ACTIVITY FUNDS**

Another way to financially support a student group/program is through the creation of a **student activity fund** in which the District provides fiduciary oversight and manages all funds collected to support the student group or program. A new Student Activity Fund can be formed in support of a student group/program by the school sponsor submitting the Student Activity Fund Account Setup Form (Exhibit F of the Booster Club Guidelines), subject to pre-approval of the appropriate administrator(s). All funds raised or collected in support of the student group/program will be provided to the District, and the school sponsor of the student group/program will follow District purchasing policies to properly requisition and expend the funds to support his/her student group or program through the use of approved vendors. The school sponsor is responsible for ensuring all gifts and donations provided to his/her student group/program abide by the District's gifting process in accordance with Board Policy CDC(LOCAL) and a gift letter is submitted to the Board of Trustees. **Student groups or programs that do not have an officially formed booster club in good standing with the District must utilize a student activity fund for all fundraising, gifts, or donations.**

## **PART I: SET UP AND FORMATION**

## **BOOSTER CLUB FORMATION**

The formation of an HPISD booster club must be pre-approved by the Assistant Superintendent of Business Services. Once approval to form a booster is received from the District, all HPISD booster clubs must form a legal entity with 501(c)(3) exempt status by taking the following steps:

- 1) Adopt Bylaws and Certificate of Formation
- 2) File Certificate of Formation with Texas Secretary of State
- 3) Apply for an Employer Identification Number (EIN) through the IRS
- 4) File as an exempt 501(c)(3) organization with the IRS and Texas Comptroller

There are three main benefits to becoming a legal entity with 501(c)(3) exempt status. One, being a registered organization limits personal liability. Two, exempt organizations are not required to pay state sales tax or tax to the IRS for revenues raised. Three, contributions to exempt organizations are tax-deductible by the contributor.

### **STEP 1: ADOPT BYLAWS AND CERTIFICATE OF FORMATION**

#### **BYLAWS**

Each booster club must adopt and maintain bylaws that are jointly reviewed on an annual basis by the booster club officers. The bylaws should contain the details of the rules of operation, management, and 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.

At a minimum, the booster club's bylaws should address the following:

#### **OFFICERS**

Limitations on serving as an officer:

- May hold no more than two one-year consecutive terms as President or Treasurer.
- 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.
- District employees and school board trustees may assist in booster club operations, provided they shall not serve as an officer or 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.

At a minimum, the booster club shall elect the following officers on an annual basis.

#### ***PRESIDENT***

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

- Preside at all meetings of the organization;
- Regularly meet with the designated school sponsor regarding booster activities;
- Regularly meet with the treasurer of the organization to review the organization's financial position;
- 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 and 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.

Note: Larger booster clubs may find it helpful to elect several vice presidents with responsibility over different areas. Such positions shall be clearly defined in the bylaws of the organization.

### **SECRETARY**

The secretary is responsible for keeping accurate records of the proceedings of the organization and reporting to the membership. The major duties include, but are not limited to, the following:

- Maintain the records of the booster club, including meeting minutes, bylaws standing rules, current membership and committee listing, as required by the bylaws of the organization;
- 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 include, but are not limited to, the following:

- 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;
- File fall and spring reports with the Business Services Department (see [Annual Reporting section](#));
- Submit records to audit committee appointed by the organization upon request or at the end of the year;
- Serve as chairperson of the Budget and Finance Committee if prescribed within the bylaws of the organization;
- Other specific duties as outlined in the bylaws of the organization.

### **COMMITTEES**

In addition to officers, booster clubs may also form committees to fulfill specific duties, as outlined in the organization's bylaws and/or standing rules.

### **SPECIAL COMMITTEES**

Special committees are created for a specific purpose. Examples would be a fundraising committee or social events committee. Special committees exist for only one year and are automatically dissolved as soon as their purpose is accomplished for the year. Individuals who have a conflict of interest shall not be allowed to serve as members of the committee. For example, senior parents should not be included on a scholarship committee since their child is a potential recipient of the monies.

### **NOMINATING COMMITTEE**

A nominating committee may be formed from the organization's membership to recommend members of the organization for office in the coming school year. The nominating committee would solicit recommendations for officer positions within the organization, confirm nominees' willingness and desire to serve, and then present

a slate of officers for election pursuant to the Bylaws.

### **AUDIT COMMITTEE**

At the end of the fiscal year, an audit of each booster club's financial records should be conducted by either an outside party (such as a CPA) or an audit committee comprised of at least two (2) members of the booster club who are independent from day-to-day financial activities. 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;

Further information regarding audits is provided in the [Financial Guidance](#) section of this document.

### **ELECTION OF OFFICERS**

The election of officers of the organization should occur annually within the timelines and manner prescribed by the booster club bylaws. Officers may be elected by a variety of methods in accordance with the organization's 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.

### **STANDARDS FOR MEETINGS**

The booster club shall hold such meetings and provide notice of such meetings as required by its bylaws, but at a minimum, a booster club must hold a meeting of all members at least annually and notice of such meeting should be published to the booster club membership at least seventy-two hours prior to the meeting date. In order to provide an optimum level of communication and teamwork, booster club meetings of all members should be held in the presence of the campus principal or other school sponsor. Should a booster club feel that it is necessary to meet without a campus administrator or sponsor, Business Services should be contacted for an acceptable replacement.

## **CERTIFICATE OF FORMATION**

[Form 202-Certificate of Formation](http://www.sos.state.tx.us/corp/nonprofit_org.shtml) (provided by the Texas Secretary of State) should be completed and adopted by your Board. Additional instructions can be found on the Secretary of State's website: [http://www.sos.state.tx.us/corp/nonprofit\\_org.shtml](http://www.sos.state.tx.us/corp/nonprofit_org.shtml).

### **PURPOSE CLAUSE**

Each Certificate of Formation must contain a statement of purpose. The following is an example of a purpose clause for a Certificate of Formation:

*“The Corporation is formed exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and will be operated solely to (i) further the educational purposes of the Highland Park Independent School District (the “**HPISD**”) and its students through support of the [School Name] [Student Group/Program Name] (**hereinafter, the “[Group/Program/Team]”**); (ii) foster a positive environment for the [Group/Team/Program]’s growth; (iii) promote positive relationships between those parents, students, and staff that are affiliated with the [Group/Team/Program]; and (iv) do all things necessary for and incidental to the accomplishment of the purposes and goals of the Corporation.”*

### **DISSOLUTION**

To obtain 501(c)(3) exempt status, your Certificate of Formation must also contain a dissolution of assets provision. This should be included in Article 5 of the form.

To dissolve a booster club, the appropriate voting members shall vote to dissolve the organization at a meeting for which the appropriate written notice was provided, according to the club's bylaws. A certificate of dissolution should then be filed with the Texas Secretary of State. The booster club 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.

Also, the principal of the campus where the organization functions shall have the authority to discontinue the association of any student group/program with a parent or community organization that has been judged by the principal to be disruptive to the educational activities or goals of the student group/program.

## **STEP 2: FILE CERTIFICATE OF FORMATION WITH TEXAS SECRETARY OF STATE**

Once your booster club's Bylaws and Certificate of Formation have been adopted, the next step is to file your Certificate of Formation with the Texas Secretary of State.

Instructions for filing the Certificate of Formation can be located on the website for the Secretary of State. See [http://www.sos.state.tx.us/corp/nonprofit\\_org.shtml](http://www.sos.state.tx.us/corp/nonprofit_org.shtml). If the articles conform to law, the Secretary of State will stamp the documents “filed” 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. Should you have additional questions, please contact [corpinfo@sos.state.tx.us](mailto:corpinfo@sos.state.tx.us).

## **STEP 3: OBTAIN EMPLOYER IDENTIFICATION NUMBER (EIN) FROM THE IRS**

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. Go to [www.irs.gov](http://www.irs.gov), under the Tools section click on “Apply for an

Employer ID Number,” then click “Apply Online Now.” The EIN is issued immediately once the application information is validated.

## **STEP 4: APPLY FOR 501(C)(3) EXEMPT STATUS WITH THE IRS AND STATE**

A Texas non-profit organization is not automatically exempt from federal or state taxes. The Texas Secretary of State does **not** make such determinations. The Secretary of State only incorporates organizations. 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**. Only non-profit corporations that have 501(c)(3) federal status are considered exempt. Until you have a determination letter from the Internal Revenue Service, you still may be subject to tax. **Organizations may not represent themselves as tax-exempt until they have obtained notification from the IRS stating they are a tax-exempt entity.**

To determine if your organization has already received exempt status 501 (c)(3), go to the IRS website [Tax Exempt Organization Search](#).

- A) **Apply for Federal Tax Exempt Status.** 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 [here](#). You must pay a fee through Pay.gov when you file Form 1023. User fee amounts are listed in Rev. Proc. 2020-5, updated annually. For the current Form 1023 user fee, go to Rev. Proc. 2020-5, 2020-1 I.R.B. 241, at [IRS.gov/Charities-Non-Profits/User-Fees-for-Tax-Exempt-and-Government-Entities-Division](#). You can also call 877-829-5500.

When completing 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 June 30th. This way, the financial activity of the booster 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. Third, the booster club’s Form 990 would not be due to the IRS until November 15th; therefore, the new officers would have time to prepare it after beginning the new school year.

Once you submit Form 1023 to the IRS, you may receive an acknowledgement letter in approximately 21 days stating that your application has been received. This letter may give you an estimated date for which some determination on your application will be made.

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.

- B) **Apply for Texas 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 submitting 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) organization.

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 the Comptroller’s Tax Assistance staff at 1- 800 252-5555 or 512-463-4600.

### **Helpful Links and Information:**

- **Federal Exemption -** [IRS Charities & Nonprofits page](#)
  - [IRS Stay Exempt](#): tax information for 501(c)(3) organizations

- [IRS Publication 557](#), *Tax Exempt Status for your Organization*.
- [Life Cycle of a Public Charity](#): sample organizational documents and IRS filings
- Questions about federal tax-exempt status? Contact the IRS Exempt Organizations Section at 877-829-5500.
- [IRS Form 1023](#) application for recognition of exemption and [instructions](#)
- [Information about Form 990-N reporting requirements](#) for small tax-exempt organizations whose gross receipts are normally \$50,000 or less.
- **State Exemption** - [Comptroller of Public Accounts Exemption page](#)
  - Comptroller [Publication 96-1045](#), *Guidelines to Texas Tax Exemptions*.
  - [Texas Exemption Application Forms](#).
  - Questions about state tax-exempt status? Review the comptroller's [FAQs](#) or contact the comptroller's Exempt Organizations Section by phone at (800) 531-5441 or (512) 463- 4600 or by [email](#).

## **PART II: BOOSTER CLUB GUIDANCE**

## GENERAL DISTRICT GUIDANCE FOR BOOSTER CLUBS

- To continue to be recognized as an HPISD booster club in good standing, each booster club must submit and annually update the following records as needed with the Assistant Superintendent of Business Services. Booster clubs which do not submit the required documentation will not be included in BSSU.
  1. Bylaws
  2. Filed Certificate of Formation
  3. Tax-Exempt Determination Letters (IRS and Texas Comptroller)
  4. Annual EOY Report (List of Current Officers; EOY Financial Report)
  5. Annual Fall Report (Letter affirming completion of an annual audit from either the Audit Committee or outside party who conducted the audit; Updates (if any) to Bylaws, Certificate of Formation, and Determination Letters)
- Each booster club is a separate legal 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.
- The principal oversees all fundraising activities by school personnel or outside organizations on behalf of a school's student groups/programs. Booster clubs must fully cooperate with the principal conducting any activities on behalf of the school and its student groups and programs to remain in good standing.
- The Superintendent is solely responsible for the District's entire educational program including curricular and extracurricular activities. All events, activities, personnel, and organizations are under the jurisdiction of the Superintendent. Booster clubs must recognize this authority and work within the framework prescribed by the school administration to remain in good standing.
- Booster clubs have no authority to direct any school employee or student in any of his or her duties. Further, they have no authority to guide, direct, or establish guidelines for any school or student activity. All decisions regarding the activity of a student group/program and guidelines for students participating in the program shall be made by the appropriate school employee, with approval of the school principal.
- It is the responsibility of the coach, director, or school sponsor (not the booster club) to schedule games and practices, set rules and expectations for student participation, organize team logistics, and communicate team information and logistics to players and parents.
- Booster clubs may help with program support efforts such as fundraising, organizing parent volunteers, planning outside social events for parents and/or students, providing snacks/food, organizing parent travel to support out of town team competitions, etc.
- It is the responsibility of the booster club (not the coach, director, or school sponsor) to communicate to parents regarding booster club operations such as team events, fundraising, dues, etc. Booster clubs should decide in partnership with the coach, director, or school sponsor whether to communicate such information through the team's SportsYou/Band app, email, or a separate parents-only communication channel.
- Booster clubs are responsible for ensuring all gifts and donations abide by the District's gifting process in accordance with Board Policy CDC(LOCAL) and a gift letter is submitted to the Board of Trustees. In addition, no booster club may make capital improvements without approval by the HPISD Board of Trustees, regardless of how the capital improvement will be funded and paid. Booster clubs should work with their school sponsor to ensure proper documentation is submitted to Business Services and approval by the Board of Trustees is received prior to any capital improvement. Capital improvements include any changes to District facilities including but not limited to landscaping, tree planting or removal, paint, wallpaper, flooring, locker room updates, turf, netting, fencing, signage, memorials, plaques, scoreboards, lighting, playgrounds, etc. Naming rights are governed by an agreement with the Highland Park Education Foundation and not under the jurisdiction of booster clubs.
- Team slogans and spirit wear designs must be approved by the principal, Director of Athletics, or Director of Fine Arts, as appropriate.

- Schools are neither 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 officers change frequently. It is very important to maintain a consistent mailing address.
- Any organization that fails to adhere to any Board policies or any administrative regulations shall cease to be recognized by the District as a legitimate school-related club or organization and should be dissolved.

### **DONATIONS TO THE DISTRICT**

In accordance with [Board Policy CDC \(Legal\)](#), gifts to the District, when not otherwise directed by the grantor, vest the property in the Board. Funds or other property donated, or the income therefrom, may be expended for any purpose designated by the donor that is in keeping with the lawful purposes of the schools that are to benefit from the donation, or for any legal purpose if the donor designates no specific purpose.

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 be used by the District at its discretion."

See [Annual Reporting to District](#) section for details about required reports of gifts and donations (including in-kind gifts) to the District.

### **GIFTS & AWARDS TO STUDENTS**

UIL rules ([Amateur Athletic Status, Section 441](#)) state that booster clubs may not give any gift or award in money or other valuable consideration to a student except for travel expenses, meals, small goodie bags of cookies, candy, or symbolic gifts from classmates, or scholarships at or upon graduation. .

[Section 480](#) of the UIL Constitution and Contest Rules further specifies the value of awards that may be given. Violation of these rules could cause students to be ineligible. Although all types of student activities are not regulated by UIL, for student consistency and fairness, UIL guidelines must be followed for all student activities.

### **GIFTS & AWARDS TO SPONSORS AND COACHES**

UIL Guidelines also stipulate that coaches and directors of UIL academics, athletics, and fine arts may *not* accept more than \$500 in money, products, or services 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. Banquets shall be held on campus, unless otherwise approved by the principal. 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.

### **EVENTS AT THE DISTRICT**

To host an official event on campus or at the Clements Leadership Center (CLC), the organization must follow the following guidelines:

1. Secure date and time. For events at the High School, email Aeryn Wager at [WagerA@hpsd.org](mailto:WagerA@hpsd.org). For events at the CLC, contact Ashley Hagey at [HageyA@hpsd.org](mailto:HageyA@hpsd.org).
2. Once approved, submit the Event Setup Google Form (provided by the District) at least *five (5) days* before event.
3. Consider service gratuity for custodial and cafeteria staff working the event.

The service or consumption of alcoholic beverages while on school property is **specifically prohibited**.

### **RECORD KEEPING**

Per IRS Guidelines, financial records should be retained for five years. All booster club and exempt organizations records should be maintained in a manner to facilitate the transfer of duties to new officers each year. Records should be transferred within 30 days of the election of new officers. Audit documentation should be maintained in the permanent records of the organization.

### **LIABILITY INSURANCE**

It is strongly recommended that booster clubs consider the purchase of liability insurance to protect the organization and its members. Coverage to be considered includes 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.

### **BACK TO SCHOOL SIGNUP (BSSU)**

Booster clubs which are in good standing with the District and have submitted annual reporting have the opportunity to receive donations through the District's Back-To-School-Signup (BSSU) portal. At the conclusion of BSSU, received funds are reconciled and disbursed to the respective organizations. If you wish to receive the funds electronically to the organization's bank account, provide a completed copy of the [HPISD ACH Form](#) to the District's Accounts Payable Department at [accountspayable@hpid.org](mailto:accountspayable@hpid.org). You must include a copy of your organization's W-9 and a voided/cancelled check for vendor and ACH setup. For any ACH setup questions, you can contact Accounts Payable in the Business Services Office at (214) 780-3016.

## FINANCIAL GUIDANCE FOR BOOSTER CLUBS

- 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 receipted and deposited within 24 hours of receipt.
- District employees and trustees may participate in booster club operations but **may not** serve as officers or in a financial capacity of a booster club (e.g., treasurer, fundraising chairperson, or check signer) nor have access to petty cash or miscellaneous discretionary funds, unless discretionary funds are managed through the District's Business Services department.
- Coaches' wish-lists should receive approval from school administration before submission to boosters.
- 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 may be given to any school employee to use at his or her discretion, except for a gift of no more than \$500 in total during a calendar year. The \$500 limit includes not only cash, but the cumulative value of all gifts given.
- Booster funds can be paid directly to a third-party vendor or gifted to the District for an intended purpose. However, in some cases, it is more tax-efficient to give the funds to the District rather than paying a third-party vendor directly. When making this decision, **particularly with regard to a capital expenditure (e.g., uniforms, renovation projects, equipment, etc.), it is important for the booster club to consult the Assistant Superintendent of Business Services regarding the most tax-efficient method** to make the expenditure.

### BANK ACCOUNTS

Booster clubs are required to set up their own 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.

The booster club's legal name as recognized by the Texas Secretary of State must be used on the bank account. The booster club shall not use the school's name alone on its bank accounts, checks, or literature. The use of the school's name alone might imply that the school or the District is responsible for any obligations entered into by the club. 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 having one more authorized signer on the bank account than is required for a payment (i.e., two signers if a check requires one signature, three signers if a check requires two signatures) so that a back-up signer is available if one of the regular signers is not. Signers should be parents or guardians with a child in the program affiliated with the booster club. School district employees and trustees may not be signers on booster club bank accounts.

### CONTROLS OVER BANK ACCOUNTS

- The District recommends that at least two authorized signatures be required for each check written to assist in

- establishing good internal controls over check disbursements.
- Checks should not be generated without proper documentation (i.e. original invoice or receipt).
- Blank checks should not be issued under any circumstances. Have a member submit a receipt after purchase for reimbursement or an invoice prior to purchase so that the check is issued directly to vendor for the exact purchase amount.
- Bank statements should be mailed to the official mailing address of the booster club, not the school or home of a booster club member. The IRS and the Texas State Comptroller's Office recommend that each booster club obtain a post office box to use as the official mailing address of the booster club. The address and box keys can be given easily to the new officers at the beginning of each new year. Booster clubs receive several important documents throughout the year, and if the address is changed frequently or is the school's address, some of these documents could be lost or misplaced.
- Bank statements should be reconciled within 30 days of the date of the statement to ensure that any inaccurate transactions are identified and communicated to the financial institution for correction.
- A second officer, not involved in the financial aspects, should review and sign off on the completed bank reconciliation and bank statement. The review should include specific attention to outstanding or reconciling items, as well as reasonableness with the Treasurer's report, budget, and ongoing business of the organization.
- Fewer bank accounts, check signers, and members handling cash limit the opportunity for fraud.
- Cash should be adequately safeguarded at all times.
- At no time should booster club funds collected be maintained at a member's home. Every effort should be made to balance funds collected the day of the event and deposit funds at the bank or bank night-drop for safekeeping.

### **BUDGETARY & OVERSIGHT CONTROLS**

- Members should establish and approve a budget at the beginning of the school year. Actual revenues and expenses should periodically be compared to the budget.
- It may be helpful to give a budget tracking form to members to help track expenses and manage the budget for their area of responsibility.
- The Treasurer should provide financial reports at each meeting which should include the bank account balance and budget versus actual revenue and expenditures.
- Prepare a financial recap at the completion of each fundraising event to determine profitability of the fundraiser.

### **AUDIT OF BOOSTER CLUBS**

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 ensures 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 as outlined below.

#### ***AUDIT COMMITTEE MEMBERS***

The audit committee must be comprised of members of the booster club. who are not the President, Treasurer, signers on the bank account, nor anyone related to those officers/signers. At least half of the committee must be non-officer members. The audit committee should not be made up of the same people every year. The school sponsor for the organization should be knowledgeable of the organization's activities; however, the school sponsor should not be one of the members of the audit committee.

The audit committee should include **at least** the following number of members, based on the membership in the booster club organization:

- Less than 50: Two Members
- 50-99: Three Members

- 100-199: Four Members
- 200-299: Five Members
- 300+: Six Members

## **AUDIT PROCEDURES**

The Treasurer should provide access to all financial records for the audit committee. The audit committee should review information for the **full applicable year**. The audit committee may use the booster club's official fiscal year or July 1-June 30 to better align with school-year operations.

Recommended Audit Procedures:

### Bank Reconciliations

1. Verify that monthly bank reconciliations were completed within 30 days of bank statement ending date.
2. Choose at least one month from the year and compare the bank statement to the reconciliation report. Confirm that the ending balance on the reconciliation report matches the ending balance on the bank statement.
3. Review unreconciled transactions and confirm that none are older than three months. Uncleared checks should be voided after 90 days and reissued if needed.
4. Verify that the balance in the bank account (per bank statement) at the beginning of year, plus total deposits per check register, minus total disbursements per check register, balances to the bank account balance (per bank statement) at the end of year.

### Bank Statements

1. Confirm that bank statements are received and reviewed monthly by a club member who does not have check signing ability.
2. Determine whether any cash corrections were identified on bank statements. Ensure that reasonable explanations are available.
3. Ensure that cleared checks contain signatures of individuals authorized to sign checks. Ideally, checks should require two authorized signatures.

### Deposits

1. Compare deposits to collection records, receipts, or other supporting documentation to ensure amounts in the ledger and bank statements match these records. If volume is significant, consider selecting only a representative sample.
2. Confirm deposits were made in a timely manner by reviewing the dates of prepared cash receipts with the date of deposit on the bank statement.

### Disbursements

1. Randomly select at least 10 disbursements (whether checks, withdrawals, or electronic payments) from bank statements of various months during the year. Verify that the check number, date, payee, and amount match the information in the general ledger, and that proper documentation (such as invoices or receipts) accompanies these payments.
2. Review all cash withdrawals to ensure proper documentation (e.g., receipts) for legitimate club expense.
3. Confirm disbursements were authorized by the budget, club policies, or meeting minutes.

### Fundraisers

1. Evaluate each fundraiser individually by calculating the value of items available for sale or number of tickets sold, and comparing to deposits and remaining inventory, if any, to ensure agreement.
2. Determine whether fundraiser applications were prepared and submitted to the campus principal for each fundraiser.

### Taxes and Required Filings

1. Ensure that sales tax was collected and remitted timely to the comptroller for required sales, if any.
2. Ensure the IRS 990 form was filed. Review for reasonableness.

The Audit Committee should prepare a report containing the following:

1. Fiscal year (or other 12-month period) reviewed.
2. Records and procedures reviewed.
3. Audit findings of Type A, B, or C, along with any discrepancies or concerns and how they were resolved.
  - **Type A:** Audit was performed with no exceptions noted; therefore, the Financial Report appears proper and correct.
  - **Type B:** Audit was performed with immaterial exceptions noted. The Financial Report was either corrected, or exceptions did not have a material effect. Except for these minor exceptions, the Financial Report appears proper and correct.
  - **Type C:** Audit was performed with material exception(s) being noted. Because of the material exception(s), the Financial Report is not proper and correct.
4. Recommendations for improving financial controls.

In some instances, due to material exception(s), the committee may not be able to determine whether the Financial Report is proper and correct. When this situation occurs, the committee may state that status of the Financial Report could not be determined because of material exceptions.

The organization's Treasurer and President are responsible for resolving exceptions and acting upon the recommendations made by the audit committee to prevent the future occurrences of these exceptions.

Maintain a copy of the booster club Audit Committee Report on file with the Treasurer of the booster club. **The file with these reports should be kept at least five (5) years and should be forwarded to the new Treasurer each year.**

The audit committee shall make a report to the board or general membership as required by the club's governing documents upon completion of the audit.

## IMPORTANT TAX-EXEMPT RULES FOR BOOSTER CLUBS

All tax-exempt organizations, including all HPISD booster clubs, **must follow these rules** to retain their tax-exempt status.

### USE OF FUNDS

1. **Must direct the majority of activities (expenditures) toward the organization's exempt purpose** as stated in its Certificate of Formation. Also, the organization may not direct a substantial part of its activities toward [lobbying](#) (attempting to influence legislation). More info [here](#).
2. **Must not directly or indirectly participate in political campaigning**, including contributions to campaign funds or making public statements of position regarding an election. More info [here](#).
3. **Must serve a public rather than a private interest.** Charitable organizations can give money, goods, or services to individuals in accordance with the organization's stated purpose, but caution should be exercised that doing so is incidental to the operations of the organization and is not for private benefit. Caution should also be exercised in avoiding conflicts of interest (e.g., a parent serving on a scholarship committee when their child is a candidate) and should establish written criteria for cases where a student is awarded financial aid. For more information, please see [IRS Pub 6101](#) or seek the advice of a legal professional.
4. **Cannot use individual accounts.** "Individual accounts" are accounts which offset *an individual's expenses* by crediting revenues raised to *that individual* (for example, students who raise \$500 have \$500 credited to them to offset team expenses). Please note that individual accounts could simply be ledger, spreadsheet, or other accounting method to award credit and does not refer to bank accounts. 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.

### FUNDRAISING

1. **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 must receive the same opportunity to benefit as those members of the student group who participated.
2. **Cannot require that a certain amount be raised or sold per person.** For example, a parent organization/booster club cannot require that each member or student of the assisted group sell \$20 worth of candy or sell 10 candy bars in a fundraiser.
3. **Must provide receipt to donors of certain tax-exempt contributions.** Acknowledgements are required for any single contribution of \$250 or more, or any single payment in excess of \$75 when goods or services were received in exchange for such payment. Ideally, these acknowledgements should be sent upon receipt of the donation or by the end of the calendar year (December 31). Acknowledgements must describe and provide a good faith estimate of any goods or services provided (e.g., the value of a dinner provided with a fundraiser ticket). Acknowledgments are also required for in-kind donations (e.g., donation of an item for an auction) and should include a description of the item donated; however, it is the donor's responsibility to determine the value of the donated item. For more information, please see [IRS pub 1771](#).
4. **Must follow rules related to the Charitable Raffle Enabling Act.** Raffles, bingos, poker nights, etc. are all considered gaming (i.e., gambling) and have many regulations and tax implications. Seek the advice of an

accountant and or attorney before engaging in any gaming activities. The Charitable Raffle Enabling Act allows charitable raffles by qualified nonprofit organizations under certain conditions. The District is not a 'qualified nonprofit organization' for purposes of the Charitable Raffle Enabling Act and shall not sponsor or conduct raffles; however, a 'qualified nonprofit organization' for purposes of the Charitable Raffle Enabling Act may conduct raffles in accordance with the Act to benefit the District or school.

Qualified exempt organizations that have been in existence for at least 3 years are permitted to hold raffles subject to the following conditions:

- May hold only two raffles per calendar year and only one raffle at a time.
- Raffle tickets may not be advertised statewide or through paid advertisements.
- Specific information must be printed on each raffle ticket sold or offered for sale:
  - 1) The name of the organization conducting the raffle,
  - 2) The address of the organization or of a named officer of the organization,
  - 3) The ticket price,
  - 4) A general description of each prize having a value of more than \$10, and
  - 5) The date on which the raffle prize(s) will be awarded.
- No one may be compensated directly or indirectly for organizing or conducting a raffle or for selling raffle tickets.
- A raffle prize may not be money (cash or a negotiable instrument such as a check, money order, or certificate of deposit).
- The organization may not permit a non-member or other unauthorized person to sell or offer to sell raffle tickets.
- Proceeds from ticket sales must be used only for the charitable purpose of the organization.

Also note that purchases of raffle tickets are not tax-deductible. Similarly, if a "free" raffle entry is given in exchange for a donation, the entire donation is generally considered to be a raffle ticket purchase and is therefore not tax-deductible.

Raffle winnings of \$600 or more and at least 300 times the ticket price must be reported to the IRS. See [IRS Pub 3079](#).

A raffle that violates the Charitable Raffle Enabling Act is considered illegal gambling under the Texas Penal Code subject to a Class A misdemeanor (conducting) or Class C misdemeanor (participating). Please see the Attorney General of Texas website for more information.

(<https://www.texasattorneygeneral.gov/divisions/financial-litigation/charitable-trusts/charitable-raffles-and-casinopoker-nights>).

Unlike raffles, there is NO exception to the gambling law in Texas for nonprofits to raise money through poker or casino nights. It IS legal for individuals to play poker or other casino activities in a private place, defined as "a place to which the public does not have access." However, all money must be redistributed to the participants. The "house" (or organization) cannot keep a cut.

**5. Should not advertise for sponsors.** Doing so makes the sponsorship a sale of advertising (which is taxable revenue) rather than a donation (which is not taxable revenue). Generally speaking, a payment qualifies as a sponsorship as long as the sponsor does not receive any substantial benefits in return. Avoid qualitative statements about a sponsor or statements of recommendations for their goods or services. The following are generally permitted:

- Sponsor logos and slogans (that do not contain comparative or qualitative descriptions), sponsor locations and telephone numbers, value-neutral descriptions (including displays or visual depictions) of a sponsor's product-line or services and sponsor brand or trade names, and product service listing.
- Distribution of a sponsor's product at the sponsored event.
- A link to the sponsor's website if it is not a direct link to purchase products or services (though caution is encouraged here).

For more information, see <https://www.irs.gov/charities-non-profits/advertising-or-qualified-sponsorship-payments>

## **TAXES AND REQUIRED FILINGS**

1. **Must file annual information returns.** Exempt organizations are required to file annual information returns. The deadline to file the return is the 15th day of the fifth month after the organization's yearend. Instructions for Form 990-N, Form 990, and Form 990 EZ can be found on the IRS website at [www.irs.gov](http://www.irs.gov) under charities and non-profits. If an organization does not file as required for three consecutive years, the law provides that the organization automatically loses its tax-exempt status.

Form 990-N (e-Postcard). Small tax-exempt organizations whose gross receipts are less than or equal to \$50,000 are required to electronically submit Form 990-N, also known as the e-Postcard.

Form 990-EZ (or may use Form 990). File when gross receipts are less than \$200,000 and total assets are less than \$500,000.

Form 990. File when gross receipts are greater than or equal to \$200,000 or total assets are greater than or equal to \$500,000.

2. **Must file a 1099-MIS for anyone to whom you pay \$2,000 or more for services as an individual (sole proprietor).** This includes self-employed individuals such as DJ's, bands, bartenders, graphic designers, authors, etc.
3. **Must follow rules related to tax-free purchases.**
  - a. An organization must provide the vendor with a valid signed Texas Sales Tax Resale Certificate when claiming state sales tax exempt status. Exemption certificates do not require tax identification numbers to be valid nor is the vendor required by law to honor the exemption. See *Exempt Organizations-Sales and Purchases (Pub. 96-122)* for more information.
  - b. The District's exemption status may not be utilized by parent, booster, patron, or alumni organizations to secure exemption from sales and excise taxes. Parent/teacher organizations, exempt organizations, and booster clubs must apply for their own exemption.
  - c. Members of the booster club may not use tax-free items for personal benefit.
  - d. Meals purchased by the organization for athletic teams, bands, etc. on authorized school trips are exempt from sales tax if the organization contracts for the meals. The organization must pay for the meals directly and provide an exemption certificate.
  - e. Individual members of the athletic team, band, etc., may not claim exemption from the sales tax on the meals they purchase while on a school authorized trip.
4. **Must collect and remit sales tax.** Although exempt organizations do not have to *pay* sales tax on *purchases* necessary to the organization's exempt function, exempt organizations DO have to **collect tax on most of its sales.**

Generally, organizations must get a sales tax permit and then collect and remit sales tax on all taxable items it sells. There is no fee for the permit. You may apply on-line at the following link:  
<https://comptroller.texas.gov/forms/ap-201.pdf>

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). This filing requirement will be adjusted based on the amount of taxes that you actually collect.

- **Monthly:** Taxpayers who collect \$500 or more in state sales or use tax in a month must file monthly.

Monthly sales and use tax returns are due on or before the 20th day of the month following the month in which the taxes were collected. For example, the July return must be filed on or before August 20th.

- **Quarterly:** Taxpayers who collect less than \$500 state sales and use tax per month (or less than \$1500 per calendar quarter) may file quarterly. Quarterly sales and use tax returns are due on or before the 20th day of the month after the end of the quarter in which the taxes were collected. For example, the first quarter covers January, February, and March, and the return must be filed on or before April 20th.
- **Yearly:** Taxpayers who collect less than \$1,000 in state sales and use tax per year may file yearly. Yearly sales and use tax returns are due on or before January 20th.

### ***Tax-Free Sales***

Qualified exempt organizations such as parent teacher associations (PTA) and booster clubs may conduct **two one-day tax-free sales or auctions each calendar year**. Book fairs are considered taxable and may not be considered one of your one-day tax-free sales. For the purposes of this exemption, one day is counted as 24 consecutive hours and a calendar year is the 12-month period from January through December. See Tax Code Section [151.310\(c\)](#) and Rule 3.322(h)(2).

Orders and/or collections can be taken over an extended period, provided the items are received by the organization or delivered to the buyers on a single day. Persons buying from surplus inventory on the designated date also do not owe tax. Those buying on *subsequent* dates do owe tax unless the purchase occurs on the organization's other tax-free sale day.

Items sold at one-day tax free sales should be purchased tax-free by issuing a Texas Sales Tax Resale Certificate to the seller.

## Non-Taxable Items

Below is a list of items or activities that have been identified as being taxable or non-taxable by the Comptroller's Office when sold or sponsored by a school, an organization within a school, PTAs, booster clubs, and employee associations. Items which become the personal property of the student (cheerleader uniforms, band t-shirts, etc.), even though connected with a school or organization, are *not* exempt from tax.

The lists are not all-inclusive but may help you make determinations on other similar sales.

| <b>NON-TAXABLE</b>                                                                                                                         |                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><i>School and school related organizations need not collect sales tax on the following:</i></b>                                         |                                                                                                                                                                                      |
| Ad Sales - in yearbooks, athletic programs, newspapers, posters                                                                            | Meals and food products served in an elementary or secondary school during the regular school day.                                                                                   |
| Admission tickets - athletic , dances, dance performances, drama and musical performances                                                  | Candy and food items sold through fundraising drives by PTA or students under 18 years of age                                                                                        |
| Admission - summer camps, clinics, workshops, graduation, banquet fees, bids, prom, homecoming, tournament fees, academic competition fees | Lost Library Books or Lost Textbooks                                                                                                                                                 |
| Club memberships                                                                                                                           | Magazine subscriptions greater than six months                                                                                                                                       |
| Discount/Entertainment cards and books                                                                                                     | Parking Permits                                                                                                                                                                      |
| Facility rentals for school groups                                                                                                         | Periodicals and Writings - reading materials such as yearbooks, calendars, directories, magazines, brochures and newsletters (if published and distributed by Booster Clubs or PTAs) |
| Food and drinks sold at fundraising events or PTA Carnivals                                                                                | Replacement student ID (fee/fine for replacement of required item)                                                                                                                   |
| Sale of food and soft drinks sold during a regular school day, subject to an agreement with the proper school authorities.                 | Services - car wash, cleaning                                                                                                                                                        |
| Vending machine sales                                                                                                                      |                                                                                                                                                                                      |

Below is a list of items that ARE considered taxable sales.

| <b>TAXABLE</b>                                                                             |                                                                  |
|--------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| <b><i>State and local sales taxes shall be imposed and collected on all sales for:</i></b> |                                                                  |
| Agenda Books                                                                               | Locks - sales and rentals                                        |
| Art - supplies and work of art                                                             | Magazine - sold individually or subscriptions less than 6 months |
| Artistic - CDs, tapes, videos                                                              | Musical supplies - recorders, reeds                              |
| Athletic equipment and uniforms                                                            | PE - uniforms, supplies                                          |
| Auction items sold                                                                         | Pennants                                                         |
| Band - equipment, supplies patches, badges, uniform sales and rental                       | Pictures - school, group (if school is the seller)               |
| Book Covers                                                                                | Rentals-uniforms of any kind, equipment of any kind, towels      |

|                                                                                                        |                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Books - workbooks, vocabulary, library, author (when we are the seller)                                | Repair to tangible personal property (i.e., computer repair, house remodeling)                                                  |
| Book Fairs - all books sold                                                                            | Rings and other school jewelry                                                                                                  |
| Calculators                                                                                            | Rummage, yard and garage sales                                                                                                  |
| Calendars                                                                                              | Safety supplies                                                                                                                 |
| Candles                                                                                                | School publications - athletic programs, posters, brochures, magazines (unless subscription > 6 months), newsletters, yearbooks |
| Concession (food) sales at athletic events                                                             | School store - all items (except food)                                                                                          |
| Clothing - school, club, class, spirit                                                                 | Science - science kits, boards, supplies                                                                                        |
| Cups - glass, plastic, paper                                                                           | Spirit items                                                                                                                    |
| Decals                                                                                                 | Stadium seats                                                                                                                   |
| Directories - student, faculty                                                                         | Stationery                                                                                                                      |
| Fees - copies, printing, laminating                                                                    | Supplies - any sold to students                                                                                                 |
| Flowers and Plants - roses, carnations, arrangements, holiday greenery and poinsettias                 | Uniforms - any type to include PE, dance team, drill team, cheerleaders, athletic, club shirts                                  |
| Greeting Cards                                                                                         | Vending - pencils and other non-edible supplies when the school services the machine                                            |
| Handicrafts                                                                                            | Yard signs                                                                                                                      |
| Identification Cards - when they are sold to the entire student body (not just the fine for a lost ID) |                                                                                                                                 |

Please refer to the tax Publication 96-122, Exempt Organizations-Sales and Purchases, which can be found at [http://www.window.state.tx.us/taxinfo/taxpubs/tx96\\_122.pdf](http://www.window.state.tx.us/taxinfo/taxpubs/tx96_122.pdf).

Also see Publication 94-183, School Fundraisers and Texas Sales Tax, from the Sales and Use Tax Bulletin [http://www.window.state.tx.us/taxinfo/taxpubs/tx94\\_183.pdf](http://www.window.state.tx.us/taxinfo/taxpubs/tx94_183.pdf).

**Please note: The information provided in this section is not all-inclusive. If you have any specific questions, you should call the Texas Comptroller of Public Accounts at 1- 800-252-5555.**

## ANNUAL REPORTING TO DISTRICT

GASB Statement No. 39 of the Governmental Accounting Standards Board requires the District to obtain and review financial performance information of supporting organizations to determine whether these organizations should be considered a component unit. Additionally, the District is responsible for overseeing all Maintenance and Operations (M&O) expenditures necessary to provide its curricular and extracurricular programming and must be able to account for all such expenditures, whether paid for by the District itself or by an HPISD booster club.

To these ends, **HPISD booster clubs are required to submit the following to Business Services:**

- **June 15: Booster Club Annual EOY Report**
  - Annual report detailing certain categories of revenues and expenditures and updates to list of officers for upcoming school year
- **By October 15: Booster Club Fall Report**
  - Any updates to bylaws, filed Certificate of Formation, or Tax-Exempt Determination Letters (IRS and Texas Comptroller)
  - Letter affirming completion of an annual audit from either the Audit Committee or outside party who conducted the audit

Please see **Exhibits A - E** for required booster club reporting.

## **EXHIBITS**

## EXHIBIT A: SAMPLE MEMORANDUM FOR BOOSTER CLUB ANNUAL EOY REPORT

**TO:** Booster Club Presidents & Treasurers **FROM:**

Business Services Department

**DATE:** May 1, 20\_\_

**SUBJECT:** Booster Club Annual EOY Report

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Governmental Accounting Standards Board (GASB) Statement 39 requires the District to collect and review certain financial information from supporting organizations to determine whether those organizations should be considered a component unit for financial reporting purposes. Additionally, the district is responsible for overseeing all Maintenance and Operations (M&O) expenditures necessary to provide its curricular and extracurricular programming and must be able to account for all such expenditures, whether paid for by the District itself or by an HPISD booster club.

To meet this critical requirement, it is important that supporting organizations submit the required financial information in a timely manner. As stated in the Booster Club Guidelines, this information must be submitted to the Business Office by June 15 of each year in order to remain in good standing. Booster clubs which are not in good standing with the District will not be permitted to sell items or solicit donations in next year's Back to School Signup (BSSU).

Please see the accompanying instruction sheet on how to complete the form.

Please click on the following link to complete the form.

### **Booster Club Annual EOY Report**

Once submitted, a copy will be sent to you. We suggest that you share it with the incoming booster club officers.

Also, please note that booster clubs must complete an **annual audit** and will be asked to submit a letter affirming its completion **by October 15<sup>th</sup>**.

Thank you for your cooperation in this important matter. If you have any questions, please contact Chris Scott, Assistant Superintendent for Business Services at [scottch@hpisd.org](mailto:scottch@hpisd.org) or 214-780-3017.

## EXHIBIT B: BOOSTER CLUB ANNUAL EOY REPORT

### PURPOSE OF THIS REPORT

Governmental Accounting Standards Board (GASB) Statement No. 39 requires the District to obtain and review financial performance information of supporting organizations to determine whether these organizations should be considered a component unit of the District. Additionally, the district is responsible for overseeing all Maintenance and operations (M&O) expenditures necessary to provide its curricular and extracurricular programming and must be able to account for all such expenditures, whether paid for by the District itself or by an HPISD booster club.

### INSTRUCTIONS

This form is due by June 15<sup>th</sup> each year. Even if your fiscal year is different, please report information from **June 1 of the prior year thru May 31**.

Please see detailed [instruction sheet](#) for more information on how to complete this form.

### QUESTIONS

Please contact the Assistant Superintendent of Business Services with questions.

<https://www.hpisd.org/departments/business-service/staff>

Name of Organization: \_\_\_\_\_ Federal Tax # (EIN): \_\_\_\_\_

Type of Activity Supported: ☐ Athletics ☐ Fine Arts ☐ Academic ☐ Other

Campus Affiliation: \_\_\_\_\_ School Year: \_\_\_\_\_ Financials Reported as of: \_\_\_\_\_

Prepared by: \_\_\_\_\_ Office Held: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

*I hereby certify that the information attached is true and correct to the best of my knowledge.*

Signature: \_\_\_\_\_

## 1. OFFICERS (for informational purposes only)

| TITLE          | DURING REPORTED SCHOOL YR | NEXT SCHOOL YEAR | EMAIL (IF NEW) |
|----------------|---------------------------|------------------|----------------|
| President      |                           |                  |                |
| Vice President |                           |                  |                |
| Secretary      |                           |                  |                |
| Treasurer      |                           |                  |                |

## 2. STUDENT FEES & FUNDRAISING GOALS

This section is for boosters supporting SPECIFIC extracurricular teams/programs. It is NOT applicable for organizations such as Sports Club, HP Arts, PC-TAG, SEPAC, PCLDA, which support broad programming across the district.

Enter amounts requested or charged to students/parents (not amount actually collected), unless otherwise indicated. See [instruction sheet](#) for more details about information requested.

| QUESTION                                                                                                                                                                                                                      | RESPONSE                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <b>Student Fees (per student)</b><br><div>Varsity Team \$ _____</div> <div>JV Team \$ _____</div> <div>Freshman Team \$ _____</div> <div>Offseason \$ _____</div> <div>Additional Senior Dues (if any) \$ _____</div>         |                                                          |
| <b>What portion of student fees (if any) covers uniforms/team gear (per student)? If none, enter 0.</b><br><div>Varsity \$ _____</div> <div>JV \$ _____</div> <div>Freshman Team \$ _____</div> <div>Offseason \$ _____</div> |                                                          |
| <b>Fundraising Goal per Student</b>                                                                                                                                                                                           | \$ _____                                                 |
| <b>Are parents asked to pay the fundraising goal if it is not met?</b>                                                                                                                                                        | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>Total # of Students in Program</b><br><div>Varsity Team _____</div> <div>JV Team(s) _____</div> <div>Freshman Team(s) _____</div> <div>Offseason _____</div>                                                               |                                                          |
| <b>Total # of Students NOT Paying Full Dues</b>                                                                                                                                                                               | _____                                                    |

### 3. FINANCIAL SUMMARY

|                |          |
|----------------|----------|
| Total Revenue  | \$ _____ |
| Total Expenses | \$ _____ |

### 4. PROGRAM-RELATED GIFTS & EXPENSES

*This section is intended to capture expenses covered by booster clubs **for the operation of the school program**. It is not intended to capture all booster club expenses, such as fundraising expenses or optional “extras” provided by the booster club such as dinners, social events, snacks, etc. For all categories, enter total amount paid by the Booster Club, whether gifted to the District or paid directly. Do not include amounts paid by the District or another organization. See [instruction sheet](#) for details regarding what to include/exclude for each expense category. All amounts should be reported **from June 1 of the prior year thru May 31**, even if your organization has a different fiscal year.*

| EXPENSE CATEGORY                                          | AMOUNT PAID BY BOOSTER CLUB | DETAILS/DESCRIPTION (OPTIONAL) |
|-----------------------------------------------------------|-----------------------------|--------------------------------|
| Facility Improvements or Repairs                          | \$ _____                    |                                |
| Furniture/Decor                                           | \$ _____                    |                                |
| Technology                                                | \$ _____                    |                                |
| Extracurricular or Other Equipment                        | \$ _____                    |                                |
| Supplies & Instructional Materials                        | \$ _____                    |                                |
| Routine Extracurricular Ground Transportation             | \$ _____                    |                                |
| Other Routine Extracurricular Trip Expenses               | \$ _____                    |                                |
| Optional Trips                                            | \$ _____                    |                                |
| Educational Enrichment Activities                         | \$ _____                    |                                |
| Competitions / Show Expenses                              | \$ _____                    |                                |
| Extracurricular Uniforms                                  | \$ _____                    |                                |
| Supplemental Staff                                        | \$ _____                    |                                |
| Professional Development                                  | \$ _____                    |                                |
| Staff Awards                                              | \$ _____                    |                                |
| Coach / Director Discretionary Fund                       | \$ _____                    |                                |
| Other Program Operations<br>(NOT Booster Club Operations) | \$ _____                    |                                |

## **EXHIBIT C: INSTRUCTION SHEET FOR BOOSTER CLUB ANNUAL EOY REPORT**

### **GENERAL INSTRUCTIONS**

This form is due by June 15<sup>th</sup> each year. Even if your fiscal year is different, please report information from **June 1 of the prior year thru May 31**.

Please see details below for full descriptions of each category.

**QUESTIONS?** Please contact the Assistant Superintendent of Business Services with questions.

<https://www.hpsd.org/departments/business-service/staff>

### **STUDENT FEES & FUNDRAISING GOALS**

*This section is for boosters supporting SPECIFIC extracurricular teams/programs. It is NOT applicable for organizations such as Sports Club, HP Arts, PC-TAG, SEPAC, PCLDA, which support broad programming across the district.*

*Enter amounts requested of students/parents (not amount actually collected).*

*For programs that do not have multiple teams/seasons (e.g., band, choir, golf), enter amounts only once under Varsity. For programs with multiple teams/seasons (Varsity, JV, Freshman, Offseason), enter the amount for each team/season separately, even if amounts are the same.*

#### **Fees per Student**

Report team dues per student.

If seniors must pay higher dues, enter the extra amount under "Additional Senior Dues" (e.g., If seniors pay \$800 while everyone else pays \$600, enter \$600 as Varsity dues and \$200 as Additional Senior Dues. If seniors pay the same as all others on the team, enter \$0 for Additional Senior Dues).

#### **What portion of dues (if any) covers uniforms/team gear (per student)?**

If uniforms/gear are NOT included in dues (paid/ordered separately by parents or provided by another organization), enter \$0. If any uniforms or required gear are paid for out of dues, enter the amount of dues allocated for uniforms/gear on a per student basis (e.g., if dues are \$600 per student and \$50 of that covers the cost of uniforms or team apparel, enter \$50).

#### **Fundraising Goal per Student**

Enter the amount each student/parent is asked to fundraise per year (e.g., \$1,000).

#### **Are parents asked to pay the fundraising goal if it is not met?**

Enter Yes if parents are asked to pay the amount if they do not fundraise it.

Enter No if the fundraising goal is only a guideline and parents are not asked to pay it.

#### **Total # of Students in Program**

Enter the total number students in the program (after tryouts/cuts are made, if applicable).

#### **# of Students NOT Paying Full Dues**

Enter the number of students whose dues were not collected or were waived, reduced, or covered by the Booster Club.

| GIFTS & EXPENSES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>This section is intended to capture expenses covered by booster clubs <b>for the operation of the school program</b>. It is not intended to capture all booster club expenses, such as fundraising expenses or optional “extras” provided by the booster club such as dinners, social events, snacks, etc.</i></p> <p><i>For all categories, report total amount paid by the Booster Club, whether gifted to the District or paid directly. Do not include amounts paid by the District or another organization. All amounts should be reported <b>from June 1 of the prior year thru May 31</b>.</i></p> |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                        |
| CATEGORY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | INCLUDES                                                                                                                                                                                                                                                                                                            | DOES NOT INCLUDE                                                                                                                                       |
| <b>Facility Improvements or Repairs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Upgrades or repairs to locker rooms, fields, courts, practice rooms, classrooms, breakrooms, grounds/landscaping, or other district-owned facilities.                                                                                                                                                               |                                                                                                                                                        |
| <b>Furniture/Décor</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Furniture, artwork, window treatments, stage curtains, fish tanks, etc.                                                                                                                                                                                                                                             |                                                                                                                                                        |
| <b>Technology</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Classroom or cafeteria computers, document cameras, scanners, printers, projectors, smart boards, 3D printers, software subscriptions, etc.                                                                                                                                                                         |                                                                                                                                                        |
| <b>Extracurricular or Other Equipment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Generally durable items expected to be used for more than one year or repeatedly used by a program. Examples: instruments, goals, helmets, pads, ball carts, movable shade structures, tackling dummies, pitching machines, weights, AV equipment, microphones, reusable props, backdrops, set-building tools, etc. |                                                                                                                                                        |
| <b>Supplies &amp; Instructional Materials</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Smaller items or instructional materials that are consumed or routinely replaced. Examples: balls, towels, coolers, music, scripts, small props, set-building supplies, consumable supplies, books, readers, magazines, manipulatives, toner, ink, paper, etc.                                                      | Meals, snacks, or drinks.                                                                                                                              |
| <b>Routine Extracurricular Ground Transportation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Ground transportation (buses/vans/trucks) paid by the Booster Club for students and coaches to attend routine competitions or events, including payments made to HPISD and outside vendors.                                                                                                                         | Optional/discretionary extracurricular trips (e.g. Padre, Hawaii, New Orleans, Disney, etc.).<br><br>Field trip transportation. (See other categories) |
| <b>Other Routine Extracurricular Trip Expenses</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Hotel, air, or other expenses paid by the Booster Club for overnight trips for routine competitions and events.                                                                                                                                                                                                     | Travel for discretionary/optional trips (e.g. Disney, Hawaii, Padre, New Orleans, etc.).<br><br>Travel for parents.                                    |
| <b>Optional Trips</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Hotel, air, or other expenses paid by the Booster Club for optional overnight enrichment trips (e.g. Disney, Hawaii, Padre, etc.). Although there may be a competitive or educational component, optional trips are not necessary as part of typical program operations or competitions.                            | Travel expenses paid directly by parents.<br><br>Travel for required/ routine competitions.                                                            |
| <b>Educational Enrichment Activities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Field trips (including ground transportation), educational programs/speakers                                                                                                                                                                                                                                        | Overnight trips (include in Optional Trips)                                                                                                            |

|                                            |                                                                                                                                                                                                                                                                                                                                                               |                                                                                          |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| <b>Competitions / Show Expenses</b>        | Entry fees and show purchases, such as marching band show costs or theater production rights.                                                                                                                                                                                                                                                                 | Meals and snacks provided at competitions.                                               |
| <b>Extracurricular Uniforms</b>            | Required uniforms, including practice uniforms, competition wear, and coaches' uniforms. Include amounts paid by the Booster Club even if fees were collected from parents to cover the expenses. If required and optional items are purchased together, include only the required portion when costs can be separated; otherwise include the total purchase. | Optional items such as extra outerwear, spiritwear, etc.                                 |
| <b>Supplemental Staff</b>                  | Clinicians, assistants, choreographers, special programs such as Spanish, etc.                                                                                                                                                                                                                                                                                |                                                                                          |
| <b>Professional Development</b>            | Conferences or other professional development (includes required travel).                                                                                                                                                                                                                                                                                     |                                                                                          |
| <b>Staff Awards</b>                        | Stipends given for awards (e.g., teacher of the year, Centennial awards, etc.).                                                                                                                                                                                                                                                                               | Meals, snacks, appreciation events, etc.<br>Birthday or holiday gifts.                   |
| <b>Coach / Director Discretionary Fund</b> | Any allowance provided to the coach or director for other expenses. Note: Discretionary funds are only allowed if gifted to the District and managed through the Business Services office.                                                                                                                                                                    |                                                                                          |
| <b>Other Program Operations</b>            | Other expenses paid by the Booster Club that directly support the operation of the regular program and do not fit into another category.                                                                                                                                                                                                                      | Fundraising expenses, Booster Club administrative expenses, meals, snacks, social events |

## EXHIBIT D: SAMPLE MEMORANDUM FOR BOOSTER CLUB FALL REPORT

**TO:** Booster Club Presidents & Treasurers

**FROM:** Business Services Department

**DATE:** September 1, 20\_\_

**SUBJECT:** Booster Club Fall Report

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In order to remain in good standing with the district, all HPISD booster clubs are required to submit the following each year **by October 15th**:

1. Any updates to the organization's bylaws, certificate of formation, or tax-determination letters,
2. A letter affirming completion of an annual audit from either the organization's Audit Committee or the outside party who conducted the audit. *Note: the actual audit does not need to be shared with the district.*

Submitting these documents not only keeps your booster club in good standing with the District but also enables the District to maintain a central repository for important documents which could become lost in booster club transitions from year to year.

Booster clubs which are not in good standing with the district will not be permitted to sell items or solicit donations in next year's Back to School Signup (BSSU).

Please click on the following link to complete the form.

### **Booster Club Fall Report**

We greatly appreciate your assistance in this process. If you have any questions, please contact Chris Scott, Assistant Superintendent for Business Services at [scottch@hpsid.org](mailto:scottch@hpsid.org) or 214-780-3017.

## EXHIBIT E: BOOSTER CLUB FALL REPORT

### HPISD Booster Club Fall Report

Name of Organization: \_\_\_\_\_ Federal Tax # (EIN): \_\_\_\_\_

Campus Affiliation: \_\_\_\_\_ Prepared by: \_\_\_\_\_

Office Held: \_\_\_\_\_ Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Were the organization's bylaws reviewed this year? Yes/No

Were any changes made to the organization's bylaws this year? Yes/No

If yes, please attach:

Was the organization's certificate of formation updated this year? Yes/No

If yes, please attach:

Were the organization's determination letters from either the IRS or Texas Comptroller updated this year?

Yes/No

If yes, please attach:

Please attach a letter from either the booster club's audit committee or an independent third party (such as a CPA) affirming that an audit of last year's financials has been completed. (NOTE: The actual audit does NOT need to be shared with the District).

## EXHIBIT F: STUDENT ACTIVITY FUND ACCOUNT SETUP FORM

### Highland Park ISD

#### Student Activity Fund Account Setup Form

For sports teams, form must be signed by Athletic Director. For fine arts, form must be signed by Fine Arts Director. For all other clubs, form must be signed by campus principal.

Name of Sponsored Team/Organization: \_\_\_\_\_

Name of New Activity Account Requested: \_\_\_\_\_

#### Faculty Sponsor Information

Name & Title: \_\_\_\_\_

Email Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

#### Supporting Organization Contact Information

President: \_\_\_\_\_

Treasurer: \_\_\_\_\_

Email Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Phone Number: \_\_\_\_\_

#### Organization

Purpose of Account: \_\_\_\_\_

Parent/Member Annual Dues Amount: \_\_\_\_\_

Expected Annual Support Funds Amount: \_\_\_\_\_

Annual Operational Budget: \_\_\_\_\_

#### **ACKNOWLEDGMENT**

I, \_\_\_\_\_, as faculty sponsor of the support organization \_\_\_\_\_, have read and understand the student activity fund policies. I agree to abide by Highland Park ISD financial policies and procedures.

\_\_\_\_\_  
Sponsor Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Principal / Athletic Director (If Sports Team) Approval

\_\_\_\_\_  
Date

\_\_\_\_\_  
Business Office Approval

\_\_\_\_\_  
Date

FOR BUSINESS OFFICE USE ONLY:

Student Activity Fund Account Code: \_\_\_\_\_