

Tomball Independent School District

**Booster Club
And
School-Support Organization
Guidelines**

310 South Cherry Street
Tomball, TX 77375

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INTRODUCTION

The Tomball Independent School District Board of Trustees and administration appreciate school-support organizations and understand the time and effort involved in voluntarily forming and maintaining support groups. This manual is being provided to assist officers and members of these support organizations with procedural guidelines.

There are also legal requirements that must be clarified regarding the association of support organizations and the District. Federal law allowing for the non-profit status of school-support organizations requires an annual disclosure to the Internal Revenue Service (Form 990) stating the organization's total assets, its annual revenue, its revenue generating expenses and its donations or grants. Since the economic resources received or held by these legally separate, tax-exempt support organizations are considered by the Internal Revenue Service as either entirely or almost entirely for the direct benefit of the District, its staff, or its students; the District as a reconciling measure must determine whether not including these support organization resources would render the financial statements of the District misleading or incomplete.

Board Policy GE (Local) effective July 22, 2004 states, "District-affiliated school-support or booster organizations shall organize and function in a way that is consistent with the District's philosophy and objectives, within adopted Board policies, in accordance with applicable UIL guidelines, and (state and federal) financial and audit regulations." Only approved support organizations, operating under the following organizational guidelines and Tomball Independent School District ("District") policies and procedures, shall be allowed to use the school name and/or facilities in support of its programs. If there are additional or specific questions regarding support organizations please ask the campus principal or authorized district sponsor.

FORMATION OF A BOOSTER CLUB OR SCHOOL-SUPPORT ORGANIZATION

ARTICLES OF INCORPORATION

A booster club or school-support organization should be a recognized non-profit organization. A non-profit organization is created by filing articles of incorporation with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. A non-profit corporation is characterized by the fact that none of the income of the organization is distributable to members, directors, or officers.

The completion of the two-page Form 202 – *Certificate of Formation: Non-Profit Corporation* is sufficient to meet all six required articles for incorporation. This form is on the Secretary of State's website at http://www.sos.state.tx.us/corp/forms/202_boc.pdf. Two copies of the signed Form 202 should be submitted along with a filing fee.

APPLICATION FOR FEDERAL TAX EXEMPT STATUS

Upon acceptance by the Secretary of State of the Form 202, a certificate of incorporation will be issued which serves as conclusive evidence of non-profit corporate existence. This leads to the next step in the process, filing with the Internal Revenue Service.

Formation of a non-profit corporation does not necessarily entitle the organization to exemption from federal taxes. In order to be exempt from federal taxes, the non-profit organization must apply for this status on Form 1023 – *Application for Recognition of Exemption Under Section 501(c)3*. General instructions on the rules and procedures can be found in IRS Publication 557 – *How to Apply for Recognition of Exemption for an Organization*. These documents are available on the Internal Revenue Service website. Direct links to these forms are included in Appendix A of these guidelines.

The application must be accompanied by Form 8718, *User Fee for Exempt Organization Determination Letter Request*, which provides a user fee to be paid to the Internal Revenue Service. Depending on the anticipated annual gross receipts, the fee is either \$300 or \$750.

Upon acceptance of the organization's exempt status by the Internal Revenue Service, a determination letter will be received as evidence of approval. The letter should be kept in a safe, permanent place as it will be used time and again to prove the organization's federal tax-exempt status. In addition, a copy of the letter should be made available to the District sponsor associated with the booster club or school-support organization.

Each organization must also file for an employer identification number on Form SS-4, *Application for Employer Identification Number*. It is possible to apply for an employer identification number using the telephone by dialing (800) 829-4933. The employer identification number will be issued immediately by the Internal Revenue Service during the call process. However, the organization is still required by the IRS to file form SS-4.

APPLICATION FOR STATE TAX EXEMPT STATUS

After all required forms are received and approved by the Internal Revenue Service, a letter will be sent confirming the organization as a federally recognized tax-exempt organization. This letter is needed for the next step.

The organization should next apply for an exemption from sales and franchise tax to the Texas State Comptroller's office. This is done by written request, which includes a description of activities, copies of articles and bylaws, and a copy of the IRS letter granting tax exemption. Further information may be obtained on the Comptroller's web site at www.window.state.tx.us/taxinfo/taxpubs/tx96_122.pdf Appendix A contains website locations and contact information for the State Comptroller and Secretary of State along with direct links to the forms needed.

FEDERAL REPORTING

ANNUAL FILING REQUIREMENTS

Every booster club or school-support organization exempt from federal income tax under section 501(a) [which includes 501(c)3] is required to determine the necessity of filing an annual Form 990, *Return of Organization Exempt from Income Tax*. This report is required if the organization exceeds \$50,000 in annual receipts. However, if the organization does not have gross receipts during a year totaling more than \$50,000, the organization may not be required to file a report.

Even though booster clubs and school-support organizations are recognized as tax exempt, they may be liable for tax on the portion of income deemed to be unrelated business income (“UBI”). UBI is income from a trade or business activity, regularly carried on that is not substantially related to the charitable, educational or other purposes that are the basis for the organization’s exemption. An organization that has \$1,000 or more gross income from UBI must file Form 990-T, *Exempt Organization Business Income Tax Return*. This form is filed in addition to the Form 990 or 990-EZ, and is required regardless the level of income received.

Direct links to these federal return forms can be found in the Appendix A. These forms may require the assistance of a skilled income tax return preparer. The organization is responsible for compliance with any required annual federal submissions.

ORGANIZATIONAL BYLAWS

Each booster club or school-support organization must develop and maintain bylaws that are jointly reviewed on an annual basis by the District authorized sponsor (usually the campus principal) and the organization’s officers. Copies of the organization’s bylaws must be on file with the Tomball ISD Chief Financial Officer. Revisions, additions, or changes must also be submitted.

The bylaws should contain the details of the rules of membership. This document must address the organization’s fiscal year, organizational structure and the method used to elect officers. Only active members in good standing should be permitted to hold office or vote on any matter of business of the organization.

OFFICERS AND THEIR DUTIES

Employees of the District are not allowed to serve in a financial capacity of a booster club or school-support organization. Financial capacity includes holding positions of treasurer, fund-raising chairperson, or serving as a check signer. At a minimum, the organization should elect the following officers on an annual basis:

PRESIDENT

Typically, the president of an organization 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 authorized District sponsor regarding organization activities.
- Resolve problems in the membership.
- Regularly meet with the treasurer of the organization to review the organization's financial position.
- Select an officer as the designee to receive bank statements through the mail at their home address. This individual should not be a signer on the account. Upon receipt, the designee should review the activity on the bank statement and canceled checks for reasonableness. This provides an independent review by an individual not associated with disbursement activity.
- Schedule annual audit of records or request an interim audit if the need should arise during the year.
- Perform any other specific duties as outlined in the bylaws of the organization.

VICE-PRESIDENT

The vice-president acts as the president's representative in his/her absence. They must remain familiar with the organization. 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 or school-support organizations may find it necessary to elect several vice presidents with responsibility over differing areas. Such positions should 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 secretary must ensure the accuracy of the minutes of the meetings, and have a thorough knowledge of parliamentary law and the organization's bylaws. The major duties include, but are not limited to, the following:

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

TREASURER

The treasurer is the authorized custodian of the funds of the organization. The treasurer receives and disburses all monies indicated in the budget and prescribed in the local bylaws or as authorized by action of the organization. It is recommended all persons authorized to handle funds of the organization be covered by a fidelity bond in an amount based upon the organization's annual income and determined by the executive board. The major duties include, but are not limited to, the following:

- Serve as chairperson of the Budget and Finance Committee, if prescribed within the bylaws of the organization.
- Issue a receipt for all monies received, and deposit said amounts on a weekly basis (daily if receipts on hand exceed \$ 250.00).
- Present a current financial report including bank statements, bank reconciliations, and financial statements to the executive committee within thirty days of the previous month end. Copies should be available for review by the general membership if requested.
- File current financial reports at the end of each school year with the campus principal or authorized District sponsor, and the Chief Financial Officer.
- Maintain an accurate and detailed account of all monies received and disbursed.
- Reconcile all bank statements as received and resolve any discrepancies with the bank immediately.

- File sales tax reports as required by the State Comptroller's office (monthly, quarterly, or annually).
- File annual IRS form 990 in a timely manner.
- Submit records upon request to the audit committee appointed by the organization or at the end of the organization's fiscal year.
- Other specific duties as outlined in the bylaws of the organization.

Note: Due to the increasing requirements placed on non-profit organizations by the Internal Revenue Service, it is strongly recommended that the Treasurer have an accounting background. The Treasurer should also have an understanding of the Governmental Accounting Standards Board Statement #39.

The secretary and treasurer of the organization should turn records over to the incoming officers within 60 days of election. Records should be kept for a period of 7 years for audit purposes.

PARLIAMENTARIAN

The primary duty of the parliamentarian is to advise the presiding officer on parliamentary law and matters of procedure when requested. The president, or presiding officer of the organization, has the sole authority to make decisions or rule on a point of order. Thus, after the parliamentarian has given their advice, the presiding officer must make the ruling to the organization, but is not obligated to follow the recommendation of the parliamentarian. The parliamentarian should be thoroughly familiar with the bylaws and any standing rules of the organization. A copy of *Roberts Rules of Order: Newly Revised* should be maintained by the organization and referenced as needed.

ELECTION OF OFFICERS

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

Officers may be elected in a variety of methods (simple majority, secret ballot) in accordance with the organization's bylaws. The election of officers should be from a slate of officers presented by a nominating committee in the spring of each school year. Recommendations may also be taken from the floor at the time of the vote in accordance with Roberts Rules of Order. At no time should officers be appointed without the input and approval of the membership.

SPECIAL COMMITTEES

Special committees are created for a specific purpose and voted upon by the membership. The committee is automatically dissolved as soon as that purpose is accomplished and the committee report is made. Special committees should complete their assignments within the current school year. If the objectives are not met at the end of the school year, officers should reappoint members of the committee for the following year until the purpose of the committee has been achieved. Individuals who have a conflict of interest should 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

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

AUDIT COMMITTEE

An audit of the organization's financial records should be conducted at the end of the fiscal year (preferably the school year). The audit should be performed by individuals who are independent of the day-to-day financial activities. Ideally, this audit should be performed by a group of three individuals; however, if the membership size does not allow, the audit may be performed by as few as two individuals. The primary objectives of the audit committee are to:

- Verify the accuracy of the Treasurer's financial reports.
- Ensure that the organization's cash balances are accurate.
- Determine that established procedures for handling organization 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.

The audit committee should make a report to the general membership upon completion of the audit. Any discrepancies noted should be brought to the attention of the president of the organization and a resolution reached prior to presentation. All officers of the organization should provide records as requested by the committee. Suggested audit procedures are included in Appendix B of this document.

STANDARDS FOR MEETINGS

Notice of all meetings of the booster club or school-support organization should be published at the appropriate affiliated campus seventy-two hours prior to the meeting date. The notice should clearly indicate the date and time of the meeting and the items to be discussed. In order to provide an optimum level of communication and teamwork, organization meetings should be held in the presence of the campus principal or authorized District sponsor. Without adequate District representation business determined at meetings can be considered null and void. Should an organization believe it necessary to meet without the campus administrator or authorized District sponsor, the Assistant Superintendent for Administrative Services should be contacted for an appropriate replacement.

RULES FOR DISSOLUTION

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

FINANCIAL RECORDS

GENERAL

Booster club or school-support organizations should establish a checking account at a local bank, credit union, or other reputable financial institution. Checks should require the signature and authorization of at least two organization officers. Bank statements should be reconciled within 30 days of the date of the statement to ensure that inaccurate or questionable transactions are identified and communicated to the financial institution for correction.

A wide variety of computerized accounting packages is available to assist the organization in accurately accounting for financial transactions. Each organization should adopt an accounting package or computerized accounting method which will meet the needs of the organization for several years. Software packages should be evaluated based upon their ease of use, cost, and required training.

At a minimum, the organization's membership should be provided with a current financial statement at each meeting. The financial statement should provide a comparison of budgeted versus actual expenditures and receipts. Cash receipts and disbursement reports should be available for review when needed or at the annual audit.

FINANCIAL REPORTING TO THE SCHOOL DISTRICT

The Governmental Accounting Standards Board (GASB) Statement No. 39 (a federally recognized accounting rule) requires the District obtain and review financial performance information of booster clubs and school-support organizations to determine whether these organizations should be considered a component unit. For this reason, all booster clubs and school-support organizations are required to submit to the Chief Financial Officer end-of-year financial statements (including balance sheet and income statement). Financial statements should be provided by September 15th of each year. These records will in turn be provided to the District's independent financial auditors for determination of component unit status. Included in Appendix C is the minimal additional information required from organizations for the District's compliance with this federal regulation.

CASH RECEIPT PROCEDURES

All cash collections received by the organization for fees, dues, fundraising, etc. should be deposited upon receipt. All funds should be supported by some type of record documenting the source and amount of funds (tabulation form, cash receipt form, ticket sales record, etc.). Such documentation should be readily available for audit purposes.

Deposits should be made when total receipts exceed \$250. If daily receipts are less than \$250, deposits should be made within one week even if the receipts for all days combined are less than \$250. All money should be deposited prior to holidays and weekends.

Bank deposits should be prepared as follows to ensure the integrity of the financial reporting:

1. Separate all currency and coins by denomination, and carefully count and record it in the appropriate section of the bank deposit form.
2. A tally tape should be run of any checks included in the deposit rather than indicating the checks individually on the deposit slip form. A copy of the tape should be retained with your copy of the deposit records.
3. Total the deposit slip.
4. Tally the pre-numbered cash receipts and make certain this total matches the deposit total.
5. Attach the cash receipt verification with a copy of the deposit slip and file in date order.
6. For large deposits, have another individual independently count the currency only (not the coins or checks) and verify that the currency has been correctly recorded on the deposit slip.
7. Both individuals should initial the deposit slip next to the currency amount on the deposit slip.

8. Seal the deposit in a deposit bag in the presence of the second individual. This is called dual control and places the organization in a better position to challenge any claim that the bank may make that the currency received was not correct.

PETTY CASH

An organization may maintain a small petty cash account. Strict controls must be maintained by keeping petty cash in a locked box accessible by only the treasurer and one other officer. Control of the petty cash account by a district employee is not allowed.

Petty cash funds should be used for emergency purchases only. All other purchases should be made with an organization check. Upon disbursement through the petty cash account, a receipt for the purchase should be retained. At any given time, the amount of petty cash remaining and the aggregate total of receipts on hand should equal the amount of the established petty cash account.

BANK RECONCILIATION

Upon receipt of the monthly bank statement, the balance indicated on the statement should be reconciled to the bank account balance in the general ledger as of the last day of the month. The reconciliation should be completed within 30 days of the date of the bank statement. If at all possible a computerized reconciliation program should be used in conjunction with the organization's financial package.

Items needed for reconciliation:

- ✓ Bank reconciliation form
- ✓ Prior month's bank reconciliation
- ✓ Bank statement
- ✓ Check Register and/or Cash Disbursements Journal
- ✓ Cash Receipts Journal
- ✓ General Ledger

To complete the **bank side** of the reconciliation form, perform the following steps:

- ⇒ Indicate the ending balance per the bank statement.
- ⇒ Check off outstanding checks from the prior month's bank reconciliation using the bank statement.
- ⇒ Determine the outstanding checks by comparing the Check Register to the bank statement, including any remaining checks from the previous month.
- ⇒ Determine the deposits in transit by comparing the Cash Receipts Journal to the bank statement.
- ⇒ Identify any items that need to be corrected by the bank, such as service charges, returned check charges and bank encoding errors. These items should be grouped together under Other Adjustments.
- ⇒ Total all items and enter the amount on the Adjusted Bank Balance line.

To complete the **General Ledger side** of the reconciliation form, perform the following:

- ⇒ Indicate the cash account ending balance from the General Ledger.

- ⇒ Compare the bank statement to the Check Register and list any cleared checks that were not posted.
- ⇒ Indicate any outstanding returned checks.
- ⇒ Indicate the interest earned per the bank statement. (Remember to post this amount immediately.)
- ⇒ Identify any items that need to be corrected on the General Ledger (such as accounting encoding errors) under Other Adjustments.
- ⇒ Total all items and enter the amount on the Adjusted Cash Balance line.

Compare the adjusted bank balance to the adjusted cash balance to make sure they are in balance. If they are not, the reconciliation is NOT complete. Examine the prior month's reconciliation to determine whether all items have been posted and/or corrected.

In addition to the reconciliation, the cancelled checks or imaged copies of checks should be reviewed to ensure that the payee is consistent with that identified in the check register, and endorsements on the check are reasonable.

DISBURSEMENT OF FUNDS

At the beginning of each school year, a budget of anticipated expenditures should be developed. Prior to a disbursement, the request to expend funds should be compared with the budgeted expenditures. Disbursements outside the scope of the budget or line items that exceed the approved budget should require a vote by the general membership. Direct payment to District employees are not permitted with booster club or school- support organization funds; nor is the purchase of alcoholic beverages.

Booster club or school-support organizations may not contribute funds in an effort to increase the personnel allocations and/or stipends of a particular program or campus without the express written approval of the Superintendent.

A disbursement voucher should be completed for all expenditures regardless of the amount. The appropriate supporting documentation (invoices, receipts) should then be attached to the disbursement form and filed in check number order. At no time should a check be issued without the appropriate supporting documentation.

To ensure compliance with UIL guidelines governing athletic activities, all disbursements relating to athletic booster club activity shall require the approval of the District Athletic Director. UIL Booster Club Guidelines are available on the District website, and a direct link is included in Appendix A.

1099 REQUIREMENTS

Internal Revenue Service guidelines require that all payments for services in excess of \$600.00 made to an individual by a booster club or school-support organization be reported on a form 1099 on an annual basis. The organization should secure an IRS form W-9 from the provider at the time of service to ensure that the organization has an accurate record of the taxpayer identification number or social security number. The organization must then issue a form 1099 to all qualifying vendors for the calendar year by January 31st and submit the form 1096 Transmittal to the IRS. The following guidelines can be used to determine if 1099 reporting is required:

- **Risk of profit or loss** - Independent contractors realize a profit or sustain a loss based on their success in performing the work or service.
- **Continuing relationship** - The relationship between an independent contractor and employer ends when the job is done.
- **Compliance with instructions** - Independent contractors cannot be told when, where, or how to do the job.
- **Training** - Independent contractors do not go through any type of instructional training period with a more experienced employee to learn how to do the job. Independent contractors specialize in the field in which they have been employed and do not require training.
- **Personal Service required** - The right of an independent contractor to substitute another's services without the employer's knowledge shows that one particular individual's personal services are not being required by the employer.
- **Integration into the business** - The success or continuation of the business is not dependent on the independent contractor's performance of the service.
- **Control over the hiring, supervising, and paying of assistants** - Independent contractors maintain control of their assistants. The employer contacts the independent contractor if there is a problem, and the employer pays the independent contractor for the work done. The independent contractor then pays the assistants directly.
- **Set hours of work** - An independent contractor sets their own working hours.
- **A full-time work requirement** - An independent contractor has the availability to work for more than one client.
- **Working for more than one firm** - An independent contractor has an established business in which they work for more than one firm.
- **Worker's availability to the general public** - An independent contractor makes services available to the public on a regular and consistent basis.
- **Working on the employer's premises** - An independent contractor works off-premises unless the nature of the service to be performed requires attendance at the employer's work site.
- **Required work order or sequence** - An independent contractor does not need to be told in what order or how to do a job, as he/she is considered an expert in the field.

- **Required reports** - An independent contractor is not required to submit oral or written reports.
- **Payment by the hour, week, or month** - An independent contractor is paid in a lump sum fee basis when the job is done. An invoice must be generated to substantiate the payment.
- **Payment of business or travel expense** - An independent contractor is responsible for his/her own business or travel expense. If paid by an employer, the employer must include the expense amount in the independent contractor's 1099 (unless you can verify an accountable plan).
- **Furnishing of tools and materials** - An independent contractor has the necessary tools and materials to do the job.
- **Investment in facilities** - If the independent contractor maintains an office on the employer's premises, he/she must pay a rent or lease payment for the office space as well as the overhead.
- **Employer's discharge rights** - An independent contractor cannot be terminated as long as he/she is fulfilling the contract.
- **Worker's termination rights** - An independent contractor may be held financially responsible for any loss the employer may suffer due to an incomplete, inaccurate or unsatisfactorily completed contract.

The Internal Revenue Service website should be accessed for the appropriate 1099 reporting requirements and forms. A direct link to this website is included in Appendix A. The organization is responsible for compliance with these federal submissions.

FUNDRAISING

Prior to the start of the school year, all booster clubs or school-support organizations should complete a fundraising application for each type of planned, scheduled or anticipated event and receive the approval of the campus principal or authorized District sponsor. District policy currently states booster club or school-support organizations may conduct two fundraising activities per school year.

A copy of the approved application must be forwarded to the Tomball ISD Chief Financial Officer by the authorized District sponsor. The application should indicate the vendor (if any), product to be sold or service to be rendered, and the estimated sales proceeds. In accordance with Tomball ISD Operating Regulations, door-to-door solicitation is not allowed. It is District practice to carefully consider contracts with a solicitation firm for fundraising, especially at the Elementary grade levels.

In order to obtain the best pricing available, booster club or school-support organizations are encouraged to obtain three written quotes prior to making large purchases. For substantial purchases, obtaining formalized bids is strongly recommended.

INDIVIDUAL ACCOUNTS

Some booster clubs and school-support organizations may have chosen to credit individual student accounts based on a *parent's participation* in fundraising events. The credit is typically based on a proportionate share of what the parent earned during the fundraiser.

Unfortunately, this practice creates a situation that could jeopardize an organization's tax exempt status. In order to prevent such occurrences, funds raised by parents through the organization's activities must be used to "benefit the organization as a whole". Funds raised by specific students and earmarked for individual student accounts are not affected and this practice may continue.

RAFFLES

Booster clubs or school-support organizations are permitted to hold raffles within the following guidelines:

- Each ticket must indicate the name and address of the organization, name of an officer, price of the ticket and a description of each prize valued at \$10 or more. No prize may be valued in excess of \$50,000.
- Each organization may hold no more than two raffles per year and only one at a time.
- Tickets may not be advertised through paid advertising.
- A raffle prize may not be cash or a negotiable instrument such as a check, money order, or certificate of deposit. However, savings bonds, prepaid or "stored-value" credit cards are acceptable as they are not negotiable instruments.
- The organization must have the prizes in its possession before beginning the raffle or post a bond for the full value with the county clerk.
- Only members of the booster or school-support organization may sell the tickets.
- The winner must pay income tax on any prize. If the value exceeds \$600, the organization must provide an IRS form 1099 to the recipient.

BINGO

A booster club or school-support organization should consider all applicable regulations for bingo. Detailed rules may be obtained from the Texas Lottery Commission by requesting a copy of the Bingo Enabling Act, the Charitable Bingo Administrative Rules and Bingo Operations Manual by calling 1-800-BINGO77. A Charitable Bingo may not be advertised prior to actually receiving a license. Some basic rules include:

- A person may not be denied admission to a bingo game or the opportunity to participate in a game because of race, color, creed, religion, national origin, sex, or disability or because the person is not a member of the licensed authorized organization conducting the bingo game.

- A prize may not exceed \$750 in any single game or \$2,500.00 in the aggregate per occasion. In the event merchandise is donated, the actual retail value may not exceed these limits.
- Door prizes may not exceed \$250 per occasion.
- All bingo supplies and equipment must be purchased from a licensed distributor.
- A 5% fee must be collected from the person(s) who wins the bingo prize.
- Alcohol may not be served.

SOLICITATION PERMITS

In some cases the City of Tomball and various homeowner associations may require a solicitation permit. Information on how to obtain a permit should be obtained prior to beginning solicitation in the city or any residential subdivisions.

IMPORTANT BOARD POLICIES

It would be beneficial to read the board policies indicated in Appendix A. For example Board Policy FJ Regulation outlines the fundraising disclosure form necessary for pre-approval of fundraising. Board Policy GKD (Local) and GKD Regulation provides additional information on fundraising and the use of District facilities. GKD (Local) states: The District shall not permit nonprofit organizations not affiliated with the District to conduct fundraising events on District property. And, school-sponsored organizations wishing to use school facilities must follow the regulations outlined in Board Policy GKD. An example of GKD regulations is liability insurance must be carried by all groups or organizations renting or using District facilities.

SALES TAX

Booster clubs or school-support organizations are exempt from sales tax when making purchases. However, when making sales, sales tax must be collected. For purposes of sales tax, a calendar year is considered the reporting year for the State of Texas Comptrollers Office (January 1 – December 31).

TAXABLE STATUS OF PURCHASES

- An organization must provide the vendor with a valid signed exemption 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.
- The District’s exemption status may not be utilized by support organizations (which includes all parent, booster, patron, or alumni organizations) to secure exemption from sales and excise taxes. Booster clubs and school-support organizations must apply for their own exemption.

- 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. Items which are purchased as an award for a student by a tax-exempt organization are not taxable.
- Meals purchased by the support organization for athletic teams, bands, etc. on authorized school trips are exempt from sales tax if the organization contracts for the meals. The support organization (usually a booster club) must pay for the meals with an organization check and provide an exemption certificate.
- 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.

COLLECTION AND REMITTANCE OF SALES TAXES

The booster club or school-support organization shall collect sales tax on all taxable sales. When imposing sales tax, the support organization has the option of:

- Adding the tax to the item's selling price - thus, if the selling price of an item were \$2.00 and the tax rate were 8.25%, the organization would collect \$2.17 ($\2.00×1.0825) from the buyer for each item sold. Or,
- Absorbing the tax in the item's selling price - thus if the item sold for \$2.00 including tax, the organization would retain \$1.85 and remit \$0.15 for sales tax. If this method is used, divide the total sales by 1.0825 (assuming a tax rate of 8.25%) to find the taxable sales. To determine the sales tax amount, subtract the taxable sales from the gross sales.

TAXABLE STATUS OF SALES

Booster clubs or school-support organizations need not collect sales tax on the following:

- Admission tickets;
- Club memberships; and,
- Food and drinks sold at school functions;

Therefore, state and local sales taxes shall be imposed and collected on all sales for:

- Items sold by the school store (i.e. pencils, erasers, paper, etc.),
- Any type of booster club materials (i.e. sports ribbons before contests),
- Any other item sold as personal property (i.e. pictures, uniforms, sweaters, etc.),
- All sales of items such as handicrafts, T-shirts, candles, cups, books, and school supplies sold by a school-support organization during a fundraising activity,
- All other personal property except for those items specifically excluded above.

Sales tax should be filed in accordance with the State Comptrollers guidelines. Further information can be found on the Comptrollers website listed in Appendix A.

DONATIONS

In accordance with District Policy DBD Local, school district staff “shall not accept or solicit any gift, favor, service, or other benefit that could reasonably be construed to influence the employee’s discharge of assigned duties and responsibilities.” Students are also discouraged from accepting gifts of value. Students engaged in UIL activities shall not accept gifts except as provided by UIL Constitution and Contest Rules.

Donations to the District shall become the sole property of the District and not of the donating organization. Donations may be earmarked for a specific purpose as indicated by the donating organization, but the District maintains the right of refusal.

In accordance with Board Policy CDC (Local), gifts to the District must meet the following criteria:

- Must have purpose consistent with established District purposes;
- Shall not place restrictions on the school program;
- Shall not require the exclusive endorsement of a specific business product;
- Shall not conflict with policies or actions of the Board or public law; and
- Is not excessively expensive to operate or maintain and does not result in equipment at any school being materially different from equipment at other schools.

To be deductible as a charitable contribution, a payment to charity must be a gift. A gift to charity is a payment of money or transfer of property without receipt of adequate consideration and with a donative intent. Generally Accepted Accounting Principles require that the asset be recorded at its fair market value at the time of the donation. The District will make no determination of fair market value for IRS purposes.

TITLE IX

Title IX is a federal law enacted in 1972 which protects individuals in education programs or activities from discrimination based on sex. It states that, “No person in the United States shall on the basis of sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any educational program or activity receiving federal financial assistance.”

Title IX, which is promulgated by the U.S. Department of Education, applies to all aspects of education and related programs, not just athletics. It requires that equal opportunities be provided for members of both sexes. It does not require that each team receive exactly the same services and supplies, but rather that the male and female programs collectively, receive comparable levels of service, facilities, supplies, etc.

Since booster club funding and activities are included in the analysis of the District's compliance with Title IX, booster clubs should have an awareness of the law and the District's requirement for compliance.

SCHOLARSHIP PROGRAMS

Booster clubs and school-support organizations should implement scholarship programs consistent with all other District scholarship programs. Requirements include:

- All qualifying seniors must have the opportunity to apply for the scholarship(s).
- The application process should be reviewed and approved by the campus principal or designee to ensure that implemented processes are consistent with other scholarship programs on the campus.
- The application process must be clearly communicated, and the application forms must be readily available to all potential applicants and their parent and/or guardian before the end of the first grading period of the academic year.
- The Scholarship Review Committee must consider all qualifying applicants.
- The Scholarship Review Committee must be appointed by the President of the organization before the first day of the academic year.
- The Scholarship Review Committee must be made up of an odd number (5-7) of members (parents from the organization who do not have children eligible for consideration for the scholarship, interested teachers, campus administrators, and/or the sponsor). Note: Many times the sponsor is an ex-officio member of the Scholarship Review Committee and not an actual voting member, but a source.
- The qualification criteria for selection of scholarship winners (if any) must be communicated in writing to all potential applicants before the end of the first grading period of the academic year and may not be changed during the scholarship award period. Any changes to the scholarship qualification criteria must be recommended by the sponsor and voted on by the organization's membership no later than the May booster club meeting for changes effective in the upcoming academic year.
- The application scoring, decision materials, tabulation, notes, certified recordings, and/or any other documentation used by the Scholarship Review Committee in connection with a given applicant shall be made available upon written request to that applicant. An open records request fee may be charged for this service. The Scholarship Review Committee must retain the original materials for a minimum of seven years.
- Scholarship applicants shall be full-time Tomball ISD senior students at a particular high school campus for a minimum of one full semester prior to the application deadline.

- All completed applications must be turned in to the campus Lead Counselor no later than the deadline set for local scholarship applications or April 1st (whichever comes first).
- All scholarship applications which do not have the required information will be considered incomplete and returned to the applicant.
- Scholarship awards may not be “need” based, but applicants who have received full scholarships from other sources may not be eligible for local scholarships.
- The applicant’s intended major may or may not be a factor in scholarship consideration.
- The applicant’s enrollment in an accredited institution (college, university, trade school, military academy, etc.) is a requirement for receiving scholarship funds.

The scholarship committee may require an essay for judging purposes and scholarship points. Essay topics may be selected each year and given to all applicants, or the Scholarship Review Committee may allow each applicant to select their own topic upon the sponsor’s approval.

If desired, essays should be original works of the applicant and have a minimum and/or maximum number of words. The applicant must be willing to relinquish all rights to his/her work.

Other areas where scholarship points may be earned should include responsibility, character, outside activities, leadership, academics, attitude, behavior, attendance, participation, service, involvement, attitude, and others at the sponsor’s discretion.

The organization may or may not require interviews of applicants in the decision process. If an interview is part of the process, it should be communicated no later than the end of the first grading period of the academic year. The applicant's parent or guardian must be permitted to be present at any interview. Interview topics should be communicated to the applicant not less than seventy-two hours prior to the interview.

SUMMARY OF GUIDELINES

The following guidelines apply to all booster clubs and school-support organizations. If a question should arise which cannot be resolved at the campus level, the appropriate Assistant Superintendent or the Chief Financial Officer should be contacted for clarification.

- Failure to follow policies and procedures of the District may result in refusal by the campus principal to allow related activities on the campus.
- All meetings shall be public and announced in advance in accordance with the bylaws.

- The campus administrator or designee must be present at all booster club or school-support organization meetings.
- Any action taken at the meeting will be subject to review and revocation by the sponsor or principal. A revocation may be appealed to the Superintendent or designee.
- The regular school program and extra and co-curricular activities of the school and programs sanctioned by TEA, UIL and district affiliated organizations will take precedence over booster club or school-support organization activities.
- Booster club and school-support organization members are expected to follow the same standards of conduct as District employees when chaperoning, sponsoring or attending student activities, including rules in the campus handbook.
- Each individual student's, or group of students', participation will be determined by the sponsor and the principal and not by the organization or any member(s). Participation is considered to be a privilege and not a right, and will be based on a proven record of good conduct and dependability. Lack of such demonstrated behavior on the part of anyone will be grounds for disapproval for participation and travel.
- There will be no student activities, parties, meetings, travel, or other gathering in the name of the booster club or school-support organization unless prior permission has been received from the sponsor, and the principal or the sponsor is present. All activities will be under the auspices of the school and the District.
- School employee and student planning and preparation for activities supported by the booster club or school-support organization will occur outside the school day or as approved by the principal.
- No cash will be given to any school employee to use at his or her discretion.
- The purchase or consumption of alcoholic beverages or tobacco while on school property or in the presence of students, is specifically prohibited.
- School-support organizations shall not directly support political activities by providing campaign donations or placing advertisements in support of a particular candidate as doing so could jeopardize the tax-exempt status of the organization. If a candidate running for office is invited to join a meeting, all candidates running for the office must be extended an invitation to the event.
- Booster club or school-support organizations may not contribute funds in an effort to increase the personnel allocations and/or stipends of a particular program or campus without the express written approval of the Superintendent.

MISCELLANEOUS

BULK MAIL

To be eligible for the minimum rate per piece, the organization should apply to the post office for a nonprofit permit by providing the postmaster with the following:

- A copy of the Internal Revenue Service exemption ruling,
- Completed application to mail at Special Bulk Third Class Rates for nonprofit organizations,
- Copy of the booster club or school-support organization's bylaws.

When mailing by bulk third class, there must be no less than 200 pieces, which must be identical in size, weight, number of enclosures, and content. The pieces must be presorted by zip code and bundled with an identifying label on each bundle. In order to ensure compliance with bulk mail regulations, it is recommended that you have the local post office review all the pieces prior to printing to make sure that the organization meets all the requirements for bulk mailing.

15 PASSENGER VANS

Federal law prohibits dealers from selling or leasing 15 passenger vans for use in transporting students for school related activities. The District requires that booster clubs or school-support organizations adhere to these rules when students are being transported. This federal law is due to a number of factors including:

- The high rollover tendencies that have been linked to a high center of gravity.
- The fact that users tend to overload vans with individuals and equipment.
- Vans, in many cases, are driven by teachers, coaches, and parents that are not qualified or do not have sufficient training to effectively drive vehicles of this size and weight.
- Maintenance and inspection requirements are much lower than school buses.

Because of the risks associated with 15 passenger vans, booster clubs and other school-support organizations may not purchase, lease, or otherwise utilize 15 passenger vans to transport District employees, students, or equipment.

ARMORED CAR SERVICE

On occasion, booster clubs or school-support organizations may have a substantial amount of cash on hand. Armored car service is not available from the District to booster club or school-support organizations. It is strongly recommended that protective measures be preplanned for these large deposits.

EMPLOYER IDENTIFICATION NUMBER

The Tomball ISD Employer Identification Number is not available to support groups for use on checking accounts, or for state and federal reporting purposes.

DISTRICT TAX-EXEMPT STATUS

The Tomball ISD tax-exempt status is not available to support groups for use in purchasing taxable items.

SAFEKEEPING

Booster clubs and school-support organizations may not maintain funds on campus for safekeeping.

APPENDIX A

Web Sites

| | |
|---|--|
| Tomball ISD Web Site | www.tomballisd.net |
| Internal Revenue Service | www.irs.gov |
| Publication 557 | www.irs.gov/pub/irs-pdf/p557.pdf |
| Instructions for Form 1023 | www.irs.gov/pub/irs-pdf/i1023.pdf |
| Form 1023 | www.irs.gov/pub/irs-pdf/f1023.pdf |
| Form 8718 | www.irs.gov/pub/irs-pdf/f8718.pdf |
| SS-4 | www.irs.gov/pub/irs-pdf/fss4.pdf |
| UIL http://www.uiltexas.org/ | |
| Booster Club Guidelines | http://www.uiltexas.org/files/booster-guide.pdf |
| State Comptroller | www.window.state.tx.us |
| Contact Information | www.window.state.tx.us/contact.html |
| Exempt Organizations | www.window.state.tx.us/taxinfo/exempt/index.html |
| Exempt Status AP-204 | www.window.state.tx.us/taxinfo/taxforms/ap-204.pdf |
| Secretary of State www.sos.state.tx.us | |
| Contact Information | www.sos.state.tx.us/contact.shtml |
| Form 202 | www.sos.state.tx.us/corp/forms/202_boc.pdf |

Phone Numbers

| | |
|-----------------------------------|-----------------------------|
| State Comptroller | 800-252-5555 |
| Secretary of State | 512-463-5600 |
| University Interscholastic League | 512-471-5883 |
| Superintendent | 281-357-3100 extension 2007 |
| Chief Financial Officer | 281-357-3100 extension 2004 |

Board Policy found on web at <http://pol.tasb.org/Home/Index/600>

| | |
|-----|--|
| CDC | Grants from Private Sources |
| CFD | Activity Funds Management |
| DBD | Employee Requirements and Restrictions – Conflicts of Interest |
| FM | Student Activities |
| FMF | Student Activities: Contests and Competition |
| FJ | Gifts and Solicitations |
| GE | Relations with Parents or Parents' Organizations |
| GKB | Advertising and Fund Raising in the Schools |

APPENDIX B

Booster Club or School-Support Organization Suggested Audit Procedures:

Bank Reconciliations

1. Trace ending balances on the reconciliations to bank statements, outstanding check lists, and other reconciling items.
2. Verify that bank reconciliations were completed within 30 days of bank statement ending date.
3. Ensure that any outstanding or reconciling items on the reconciliations were cleared the following month.
4. Verify that the balance in the bank account (at beginning of school year), plus total deposits per check register, minus total disbursements per check register, balances to ending bank account balance (at end of school year).

Bank Statements

5. Determine whether a procedure is in place for a club member, other than those that have check signing ability, to receive bank statements by mail and review for reasonableness.
6. Determine whether any cash corrections were identified on bank statements. Ensure that reasonable explanations are available.
7. Compare the number of cleared checks included in the bank statement with the number that is noted on the bank statement to ensure agreement.
8. Ensure that cleared checks contain signatures of individuals authorized to sign checks. Ideally, bank accounts should be established to require two signatures.

Receipts

9. From the check register or other accounting records, schedule each deposit (use of spreadsheets is helpful). If volume is significant, consider selecting only a representative sample.
10. Trace deposits to collection documentation and prepared cash receipts for agreement.
11. Trace deposits to bank statements to ensure agreement.
12. Ensure that receipts are presented for deposit in a timely manner by reviewing the dates of prepared cash receipts with the date of deposit on the bank statement.

Disbursements

13. From the check register or other accounting records, schedule each check, withdrawal, or other debit (use of spreadsheets is helpful). If volume is significant, consider selecting only a representative sample.

14. Trace checks to supporting documentation such as invoices, receipts, approved expenses related to fundraisers, or other reasonable explanations.

15. Review the canceled check to ensure agreement of payee name, endorsement, and check amount.

16. Trace disbursements to budget approved by the membership or meeting minutes.

17. For bank withdrawals for the purpose of establishing a change fund for an event, confirm that the change fund was later re-deposited.

Fundraisers

18. 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.

19. Determine whether fundraiser applications were prepared and submitted to the campus principal for each fundraiser.

Miscellaneous

20. Inventory remaining check stock to confirm that all checks are present and sequential. Ensure that the check number for the last check issued and first check available in check stock are sequential.

21. Confirm that check stock is retained in a secure place when not in use.

22. Determine whether any checks were voided during the course of the year. Ensure that any voided checks are retained in the records, but have been sufficiently modified to eliminate the possibility of clearing the bank (i.e. signature portion has been cut out of the check and VOID has been written across the check).

23. Ensure that sales tax reports were prepared and filed timely.

24. If IRS 990 form was filed, review for reasonableness.

APPENDIX C



MEMORANDUM
from Jim Ross, Chief Financial Officer

To: Booster Club Presidents and Treasurers
Date: July 31, 2013
Re: Submission of Financial Information

As you are aware, the District's Booster Club and School-Support Organization Guidelines require supporting organizations to submit financial information to the District's Business Services office at the end of the school year. This requirement is based on the federal government's implementation of Governmental Accounting Standards Board Statement No. 39. This federal standard requires the District to obtain and review financial performance information and the total assets of supporting organizations to determine whether these organization's assets should be disclosed as a component part of the District's financial statements.

In order to meet this critical requirement, it becomes increasingly important that supporting organizations, such as yourself, provide the required financial information in a timely manner. To this end, please work with the campus bookkeeper at your affiliated school to submit this information. They will forward it to the Business Services office.

Attached is a confirmation statement which should be submitted along with your financial information. In addition, an example page of requested information is attached. This includes balances for current assets and liabilities, as well as a breakdown of revenues and expenditures. If you already have an automated program or other documentation method in place, this format would be acceptable, provided that the financial elements requested are provided.

All financial information should be presented as of August 31st, or the end of the school year. Please submit this information, along with the confirmation statement to the campus bookkeeper by September 15th of each year. Should you have any questions, please contact me at 281-357-3100 extension 2004.

**Tomball ISD Supporting Organizations
Confirmation of Financial Information
for the 20__-20__ School Year**

Organization Name

Campus Affiliation

I hereby certify that the information attached is true and correct to the best of my knowledge. Furthermore, I understand that although supporting organizations may be considered a separate legal entity whereby 501(c)3 status has been declared, the District is requesting this financial information in order to comply with Statement No. 39 of the Governmental Accounting Standards Board.

Name of President

Name of Treasurer

Signature

Signature

Date

Date

Financial information should be presented as of August 31st, or end of the school year

Balance Sheet Information

\$ _____
Current Assets

\$ _____
Current Liabilities

Income Statement Information (also called Profit/Loss Statement)

Summary of Revenues

| | |
|-----------------------------------|-----------|
| Fundraising Activities | \$ |
| Breakdown of Types of Fundraisers | |
| Concession Sales | \$ |
| Membership Dues | \$ |
| Donations | \$ |
| Other Income | \$ |
| TOTAL REVENUE | \$ |

Summary of Expenditures

| | |
|-------------------------------|-----------|
| Fundraising Products/Expenses | \$ |
| Banquet Expenditures | \$ |
| Other Expenditures | \$ |
| TOTAL EXPENDITURES | \$ |

This chart is provided as an example only. It is provided to give an indication of the level of detail expected in reporting.

Definitions Legend:

Current Assets – cash short-term investments, or other assets easily convertible to cash

Current Liabilities – amounts owed to other organizations, individuals, or vendors

Revenues – incoming funds from sales of products/services, donations, and/or income from other sources

Expenditures – outgoing funds to pay for fundraising products, events, donations to school, and/or other expenses