

# **Katy Independent School District Financial Management Handbook For Parent/Booster Organizations**

## **Table of Contents**

<b><u>Description</u></b>	<b><u>Page Number</u></b>
General Information	2
Resources	5
Operating Procedures	7
Federal Tax Information	9
Sales Tax Rules and Reporting	11
Regulation GKB – Advertising and Fund Raising in the Schools	12
Regulation GKB (Exhibit A) – Request for Approval of Fund-Raising Activity by a Parent Organization or Booster Club	15
UIL Guidelines for Parent/booster organizations	16
Suggested Audit Program	19

# **Financial Management Handbook Katy ISD Parent/Booster Organizations**

## **General Information**

This Financial Management Handbook for parent/booster organizations is a consolidation of guidelines and previously issued documents designed to provide parent/booster organizations, principals and sponsors with financial procedures that are mandated by state law, the Internal Revenue Service (IRS), Board policy, administrative directives and/or good business practices.

Katy Independent School District (KISD) encourages the participation and involvement of parents in the education of their children. Parent support organizations may be formed to promote the school program or to compliment a particular student group or activity. Students learning opportunities are expanded when they participate in school activities and programs. The district greatly appreciates the time and support that these organizations provide our students.

A booster organization is formed to enrich the school's participation in extracurricular activities and normally involves an individual student group (band, football, after prom, etc.).

A parent/teacher association (PTA) or organization (PTO) is formed to promote the general welfare of the entire student body at a particular school.

The principal must approve the formation of all parent/booster organizations. He/She is responsible for all money raising activities carried on in his/her school or sponsored in any manner by or on behalf of his/her school. Parent/teacher committees or faculty/student committees should work in full cooperation with the principal under his/her supervision in planning special programs and activities or in conducting any activity which involves the raising of money.

Principals should inform sponsors and parent/booster organization officers so that they are aware of the guidelines that may pertain to their particular area.

Parent/booster organizations operate autonomously of the school district as separate entities even though they generally exist solely to support school activities. Because of this it is important to have a clear distinction between the parent/booster organizations activities and the school or school-group's activities. Also, the parent/booster organization is formed to support the school or school group, not the other way around. The school or campus/student activity cannot donate or use their funds to pay the expenses of a parent/booster organization's fundraiser (i.e. using District or student activity funds pay for items/events that are being auctioned off as part of a parent/booster organizations fundraiser).

The sponsor of a student group serves as the liaison between the booster organization and the District, under the supervision of the Principal. The sponsor is responsible for determining the various activities and trips in which the student group will participate with the approval of the Principal.

In accordance with Katy Independent School District Board Policy [GE \(LEGAL\)](#) the Board shall cooperate in the establishment of ongoing operations of at least one parent-teacher organization at each school in the District to promote parental involvement in school activities. *Education Code 26.001(e)*

In addition, [GE \(LOCAL\)](#) Policy states that district-affiliated school-support or booster organizations shall organize and function in a way that is consistent with the District's philosophy and objectives, Board policies, District administrative regulations, applicable UIL or other governing association guidelines, and financial and audit regulations. [See also [CDC \(LEGAL\)](#) [\(LOCAL\)](#) and [CFC \(LEGAL\)](#)]

Before engaging in fundraising or soliciting gifts, an organization or group shall notify the principal or other appropriate administrator identified in administrative regulations. [See page 12-15 for GKB Regulation and Fundraising Approval Form]

Entrance fees/ticket sales for school group performances or activities cannot be considered a fundraiser for a parent/booster organization. The charging for entrance shall be controlled by the District and collected and used in accordance with [CFD \(LEGAL\)](#) [\(LOCAL\)](#).

Parent/booster organizations may hold fundraisers to raise money to help defray the costs associated with the group's activities, performance, or trips, however they may not charge/collect fees from students. Any fees being charged to students for participation in school sponsored groups, performances, or trips shall be collected by the school.

Students cannot be required to participate in a fundraiser program. Students cannot be required to sell a certain amount or donate in lieu of fundraising. In addition, a student cannot be punished in any way for not participating in a fundraiser program. Not qualifying to attend a fundraiser party is not considered punishment.

Gambling games, such as bingo, are not allowed unless the organization has met all legal requirements and have obtained a license through the Texas Lottery Commission.

Schools are not allowed, by State law, to hold raffles, however a nonprofit organization that has existed for at least three preceding years and is exempt from federal income tax under Section 501(c), does not distribute any of its income to its members, officers or governing body; does not devote a substantial part of its activities to attempting to influence legislation; and does not participate in any political campaign, may hold a raffle in accordance with the rules of the Attorney General of Texas <https://www.texasattorneygeneral.gov/divisions/financial-litigation/charitable-trusts/charitable-raffles-and-casinopoker-nights>.

District-affiliated school-support or booster organizations may use District facilities in accordance with [GKD \(Regulations\)](#).

Before parent/booster organizations purchase equipment for the schools, including computer hardware and software, they shall notify the principal of their plans and work with the school to make sure the equipment meets with the District's technology standards. In consultation with the Superintendent or designee, the principal shall determine the type or brand of equipment to buy to ensure compatibility with current District equipment.

Parent/booster organization assets and activities are not covered by the District's general liability or property insurance policies. Activities sponsored by the parent/booster organization are outside the normal business function of the District. It is highly recommended each organization seek the professional opinion of an insurance counselor to ensure proper coverage is secured. Katy ISD cannot provide guidance to parent/booster organizations on coverage, adequacy of limits, or companies providing insurance coverage.

Sections of this handbook will provide general, not specific and/or all-inclusive tax information as it relates to parent/booster organizations. It is each parent/booster organization's sole responsibility to seek competent professional tax assistance for its own tax reporting requirements.

Parent/booster organizations should strive to remain in good standing with all federal and state agencies. This includes paying all taxes and other debts incurred by the organization.

A parent/booster organization 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.

All meetings of parent/booster organizations must be public meetings.

Each parent/booster organization shall operate under bylaws and shall submit a copy to the school principal.

All parent/booster organizations must obtain a unique tax identification number/Employer Identification Number (EIN). Parent/booster organizations are not permitted to use the District's EIN or its Texas Sales Tax Permit Number.

## Resources

**Secretary of State** - check corporate name, questions on articles of incorporation and submission of articles of incorporation.

[www.sos.state.tx.us](http://www.sos.state.tx.us)

Business & Commercial Section  
Secretary of State  
P.O. Box 13697  
Austin, TX 78711-3697  
(512)475-2705 (phone)

### Internal Revenue Service (IRS)

- Obtain Employee Identification Number (EIN).

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

- Apply for recognition of exemption and related questions.

<http://www.irs.gov/publications/p557/ar01.html#d0e92>

Internal Revenue Service  
Exempt Organizations Determinations  
Room 6403  
P.O. Box 5208  
Cincinnati, OH 45201  
(855)204-61840 (fax)

- Assistance with Form 990/990EZ and general questions regarding exempt organizations.
  - 990 instructions <http://www.irs.gov/pub/irs-pdf/i990.pdf>  
(877)829-5500 (phone)
  - 990 forms [www.irs.gov/charities-non-profits/current-form-990-series-forms-and-instructions](http://www.irs.gov/charities-non-profits/current-form-990-series-forms-and-instructions)
- e-Postcard (Form 990-N) - New Annual Electronic Filing Requirement for Small Tax-Exempt Organizations.

<http://www.irs.gov/Charities-Non-Profits/Annual-Electronic-Filing-Requirement-for-Small-Exempt-Organizations-Form-990-N-e-Postcard>

## **Texas State Comptroller**

- Request exempt status from sales and franchise taxes and related questions.  
Texas Comptroller of Public Accounts  
P.O. Box 149348  
Austin, TX 78714-9348  
<http://comptroller.texas.gov/taxes/franchise/forms>  
(800)252-5555 (phone)
- Apply for State Sales and Use Tax Permit and related questions.  
<https://comptroller.texas.gov/taxes/permit>
- Complete sales tax report online.  
<https://comptroller.texas.gov/taxes/sales/>

**University Interscholastic League (UIL)** - parent/booster organization guidelines.

<https://www.uil texas.org/policy/guidelines-for-booster-clubs>

## **Parent Teacher Association**

<https://www.pta.org/home/run-your-pta>

## **Texas PTA**

<http://www.txpta.org/>

**Guidestar** - View your organizations recent Forms 990, or find out more about its mission, programs, and finances.

<http://www.guidestar.org/>

# Operating Procedures

## Record Keeping Practices

When forming a new parent/booster organization, submit a request to the campus principal for approval.

The proper collection, reporting, disbursement, and safeguarding of all money and other parent/booster organization assets rests solely with each organization's officers, jointly and severally, not with the school district or with any of the District's employees. The principal may act in an advisory capacity only. No principal or teacher/coach should be a signatory on a private sponsored organization's bank account.

A parent/booster organization does not have the authority to commit or to represent in any way the Katy Independent School District or any of its campus locations. A parent/booster organization is responsible for any obligation incurred by the parent/booster organization whether the commitment is financial or otherwise. The school district is not liable or responsible for any contracts or expenditures made by a parent/booster organization. **We strongly encourage any parent/booster organization to obtain legal assistance before authorizing or signing any agreement or contract in the parent/booster organization's name.**

Minutes of all parent/booster organization meetings should be kept in writing in the permanent records of the organization.

Parent/booster organizations should seek competent tax and legal advice on their own and at their own expense on an as-needed basis to assist and advise them on legal and tax matters.

District personnel will assist in whatever manner is feasible to facilitate parent/booster organization needs.

All parent/booster organizations records should be maintained in a manner to facilitate the transfer of duties to new officers each year. Other than permanent records (articles of organization, determination letter, etc.) copies of financial records should be maintained for a period of five years. Many of these filings become public record upon the granting of exempt status and must be maintained for public inspection.

Parent/booster organizations should obtain a post office box or use a member's home or business address for all its correspondence, a post office box would provide the greatest amount of flexibility for the club. Schools are not equipped nor funded to receive, sort, safeguard, or distribute mail for all of the District's parent/booster organizations. **Note: Parent/booster organization information is subject to "open records" therefore, as a safety precaution, it is strongly recommended that a post office box is utilized.**

To open a bank account, the parent/booster organization *must* first obtain an Employer Identification Number from the IRS. See page 9 - Federal Tax Information for more information on obtaining an EIN.

Parent/booster organizations should not use the school's name on its checks, on its literature, or on receipts for payments. The use of the school name might imply that the school or the District is responsible for any obligations entered into by the organization. A proper name on accounts and literature would be "High School X Choir Booster Club" as an example.

Commingling of parent/booster organization funds and school activity funds is prohibited. Each parent/booster organization must have its own separate bank account.

All funds received should be receipted and deposited within 24 hours of receipt.

It is suggested that at least two club officers sign each disbursement. School district employees may not be the signature on parent/booster organization bank accounts for their own campus or programs they are the sponsor for.

Capital equipment purchased with parent/booster organization funds become the property of the school district and must be used exclusively at the school.

School employees may not accept loans of funds from parent/booster organization.

Each organization must have an audit committee perform an annual audit. See Page 22 for a Suggested Audit Program.

Payment from parent/booster organization funds may not be made to employees or to other individuals for any service rendered to a school district program unless the transaction is processed through the Katy ISD Financial Services Department.

The employment of clinicians by the school district may not be a substitute position or an alternative for a sponsor. A clinician is defined as a professional who is not an employee of KISD whose services are contracted on an intermittent basis to give suggestions and/or help a performing group with routines/numbers that have been initially taught by KISD employees. The use of a clinician requires the approval of the campus principal and the appropriate ESC administrator(s).



## Federal Tax Information

It is each parent/booster organization's responsibility to seek competent professional tax advice for its own tax reporting and filing requirements. The information provided in this document is not intended to be specific or all-inclusive. Parent/booster organizations should strive to remain in good standing with all federal and state regulatory agencies.

### **APPLICATION FOR FEDERAL TAX EXEMPT STATUS**

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 parent/booster organization must apply for this status. Form 1023 <http://www.irs.gov/pub/irs-pdf/f1023.pdf>, must be completed for Recognition of Exemption Under Section 501(c)3. General instructions on the rules and procedures can be found in IRS Publication 557 <http://www.irs.gov/publications/p557/ar01.html#d0e92>.

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

To determine if your organization has received exempt status 501 (c)(3), go to the IRS website, <https://www.irs.gov/charities-non-profits/tax-exempt-organization-search>.

Organizations that have gross receipts greater than \$50,000 annually must also file Form 990 or 990 EZ (Return of Organization Exempt from Income Tax) annually. These forms due by the 15<sup>th</sup> day of the 5<sup>th</sup> month after the organization's reporting period (4 months after year end). Instructions for Form 990 and 990 EZ can be found on the IRS website at <http://www.irs.gov/pub/irs-pdf/i990.pdf>

Most small tax-exempt organizations whose annual gross receipts are normally \$50,000 or less can satisfy their annual reporting requirement by electronically submitting Form 990-N if they choose not to file Form 990 or Form 990-EZ instead.

While there is no penalty assessment for filing Form 990-N late, organizations that fail to file required Forms 990, 990-EZ or 990-N for three consecutive years will automatically lose their tax-exempt status. Revocation of the organization's tax-exempt status will happen on the filing due date of the third consecutively-missed year. <https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard>

Please refer to the bulleted list below to assure that the correct form is filed:

Form 990-N (commonly referred to as the e-postcard) for parent/booster organizations with:

- Gross receipts of \$50,000 or less.

Form 990-EZ for parent/booster organizations with:

- Gross receipts of more than \$50,000 but less than \$200,000 AND
- Total Assets of less than \$500,000 at fiscal year-end.

Form 990 for parent/booster organizations with:

- Gross receipts of \$200,000 or more OR
- Total Assets of \$500,000 or more at fiscal year-end.

Parent/booster organizations that have gross receipts over \$5,000 that are not exempt (they have not filed Form 1023) are considered taxable entities by the IRS and must file Form 1120 US Corporation Tax Return.

If you are not using a post office box, it is extremely important to notify the IRS when you have a change of address for your parent/booster organization. You should use IRS form 8822 <http://www.irs.gov/pub/irs-pdf/f8822.pdf>

### **EMPLOYER IDENTIFICATION NUMBER**

The IRS requires all organizations (entities) that conduct business to have their own Employer Identification Number. The EIN is obtained with the SS-4 Form from the IRS. A member's social security number should not be used as the organization's Employer Identification Number for banking or other business purposes. Parent/booster organizations are not allowed to use the District's EIN.

To obtain an Employer Identification Number:

- Obtain and complete IRS Form SS-4 <http://www.irs.gov/pub/irs-pdf/fss4.pdf>
- Make a copy for the organization's permanent records.
- When a number is assigned to the Parent/booster organization by the IRS, ensure that the paperwork is maintained in a permanent file from year to year.
- The IRS will assign a number over the telephone to the parent/booster organization.
- The fiscal year end for the parent/booster organization will be August 31<sup>st</sup>.
- There is no application fee required when filing Form SS-4.
- This EIN will be the number used to establish a bank account for the parent/booster organization.

Again, you can apply for an EIN number online on the IRS website. Go to [http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-\(EIN\)-Online](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-(EIN)-Online)

## **Sales Tax Rules & Reporting**

Generally, sales tax is due on the sale of tangible personal property and taxable services in Texas.

Parent/booster organizations can apply for an exemption from paying sales tax on purchases necessary for the organization's exempt purpose. See the links below for information on applying for this exemption and what that means for your organizations sales and purchases.

Parent-teacher organizations (PTO) - <https://comptroller.texas.gov/taxes/exempt/pto.php>

Parent-teacher associations (PTA) - <https://comptroller.texas.gov/taxes/exempt/pta.php>

Booster clubs - <https://comptroller.texas.gov/taxes/exempt/booster.php>

If a parent/booster organization has obtained a Sales Tax Exemption from the State, it simply means the organization can purchase items for the organization's exclusive use or for resale. If the items purchased for the organization are sold, the organization is responsible for collecting sales tax; reporting the sale to the state, and remitting the sales tax amount to the State Comptroller's Office.

If your organization will be selling items, you must obtain a Sales Tax Permit from the Texas Comptroller. To apply for a new permit or update an existing go to <https://comptroller.texas.gov/taxes/permit>.

Sales taxes are due regardless of whether a parent organization has obtained a tax-exempt status from the IRS and regardless of whether sales taxes were charged as part of the sales price when the items were sold.

The State Comptroller will inform the parent/booster organization after filing the application for a sales tax permit if the report will need to be filed monthly, quarterly, or yearly.

Annual sales tax reports are due January 20<sup>th</sup> each year. Quarterly and monthly sales tax reports are due on the 20<sup>th</sup> of the month immediately following the end of the quarter or month, respectively.

The primary location of the exempt organization determines the local tax rate to be used to collect sales tax from customers.

To search for sales tax rates by location here <https://mycpa.cpa.state.tx.us/atj/>.

## **One-day Tax-free Sales**

Organizations that qualify for an exemption under Section 151.310(a)(1) or (2) [e.g., religious, educational, and charitable organizations and organizations exempt under IRS Section 501 (c)(3), (4), (8), (10), or (19)] and their bona fide chapters can hold two tax-free sales or auctions during a calendar year. A day is considered a consecutive 24-hour period. See Tax Code Section 151.310(c), subsection (h) of Rule 3.322 on sales by exempt organizations, and Tax Publication 96-122.

COMMUNITY RELATIONS:  
ADVERTISING AND FUND RAISING IN THE SCHOOLS

GKB  
(REGULATION)

FREE MATERIALS  
FROM OUTSIDE  
ORGANIZATIONS

Free materials (books, pamphlets, charts, maps, calendars, films, slides, exhibits, and the like) may be accepted for use in the schools provided:

1. They contribute positively and effectively to the promotion without distortion of the educational program approved by the District.
2. The name of the donating firm appears, but not with such emphasis or repetition as to subordinate the educational content.
3. The content is sound, significant, timely, well-balanced, accurate, nonsectarian, nonpolitical, and noncontroversial.
4. The primary purpose of the literature is not promotion or sales.

See GKDA (REGULATION) for information related to the distribution of flyers and other printed materials for noncurriculum-related purposes.

DONATED SPIRIT  
ITEMS

Spirit items can be donated to the campus as an avenue for community involvement and may be used to support curricular and extracurricular activities (i.e. athletic events, Red Ribbon Week; reading awareness, STAAR rallies, etc.). Spirit items may include pom-poms, footballs, basketballs, seat cushions, spirit towels, etc. Items donated in support of UIL activities must comply with any UIL rules or policies that may apply.

Spirit items must abide by the following criteria:

1. The spirit message should be the primary focal point of the item;
2. The name/message of the sponsoring business/organization should be minimal in size and not the focal point of the item; and
3. The spirit item may not promote alcohol, tobacco, drugs, firearms, religion, political campaigns, or any topic that would conflict with the District's mission.

Due to safety concerns, spirit items may only be handed out directly to students; no items will be allowed to be thrown. For athletic events, spirit items that can be easily tossed back onto a field/court are discouraged.

The campus principal has the authority to decide if a particular donated item can be distributed and in what manner and location.

POLITICAL/  
SECTARIAN GROUPS

School facilities shall not be used to advertise, promote, sell tickets, or collect funds for any organization or program defined as political or sectarian in nature, without prior approval of the Superintendent or designee.

COMMERCIAL  
ADVERTISING

Commercial advertising shall be prohibited in District schools unless approved by the Assistant Superintendent for School Leadership and Support, with the exception of officially approved book covers, school calendars, and/or advertising in school publications.

PUBLIC ADDRESS  
ANNOUNCEMENTS

Announcements over a school's public address system will be restricted to announcements related to school/curriculum-related activities or meetings.

COMMUNITY RELATIONS:  
ADVERTISING AND FUND RAISING IN THE SCHOOLS

GKB  
(REGULATION)

REQUESTS FOR  
FUND-RAISING  
ACTIVITIES

A parent or community organization desiring to conduct a fund-raising activity must submit to the campus principal or designee a request containing the following information [see GKB (REG) (EXHIBIT)]:

1. Purpose of the fund-raising activity.
2. Type of activity.
3. Date(s) and time(s) of the activity.
4. Name of person(s) who will be handling the money.
5. Name of sponsoring organization and representative.
6. Estimated amount of money to be raised.

Each request for approval of a fund-raising activity must be made separately.

The campus principal at each school will establish limitations on the number of major fund-raising activities sponsored or conducted by parent or community organizations per year. In addition to principal approval, if students will be involved in the fund-raising activity for a school-affiliated organization tied to a UIL athletic group, the Executive Director for Athletics must also approve the fund-raising activity. This approval is necessary to ensure that the activity is in compliance with UIL standards.

The District maintains an *Approved Fundraising Vendors' List* that is required for school and school-sponsored organizations to use when considering fund-raising activities. School-affiliated groups may also use the list to consider fund-raising activities; however, school-affiliated groups are not required to only use a vendor on this list.

RESTRICTIONS

For fund-raising activities in which students may be asked to participate, the following restrictions must be followed in regard to students:

1. While school-affiliated organizations (that meet guidelines established by the Charitable Raffle Enabling Act) can conduct a raffle, students cannot purchase or sell raffle tickets.
2. Elementary students shall not take part in door-to-door ticket or item selling and/or soliciting pledges or contributions. The District will not support activities that require this type of student participation.
3. Door-to-door solicitations are discouraged for secondary students. Service activities are encouraged.

SALE OF  
MERCHANDISE IN  
DISTRICT FACILITIES

In order to minimize the disruption caused by the sale of merchandise in District facilities, the following procedures have been established:

SALE OF SCHOOL-  
RELATED ITEMS

1. Subject to the approval of the principal or department administrator, school employees, booster club members, and support groups may be permitted to display and accept orders for items, products, services, food, etc., during noninstructional time when associated with school-related fund-

COMMUNITY RELATIONS:  
ADVERTISING AND FUND RAISING IN THE SCHOOLS

GKB  
(REGULATION)

raising activities that do not involve personal profit.

2. Displays, ordering forms, or brochures are permitted only in lounges or in designated areas. No merchandise, items, products, or order forms may be placed in employee or department mailboxes.
3. Merchandise ordered may be delivered only during noninstructional time.
4. A fund-raising activity may not extend beyond two weeks (ten work days).
5. Subject to the approval of the department administrator, students may be permitted to sell fund-raising items in noncampus facilities before or after normal hours of work.

See Board policy GKB (LOCAL) regarding collection of funds for any organization defined as political or sectarian in nature.

SALE OF  
NONSCHOOL-  
RELATED ITEMS

Commercial advertisements or sales for personal profit or for nonschool-related activities are prohibited.

WITHDRAWAL OF  
APPROVAL

The principal or department administrator may withdraw approval of school-related fund-raising activities at any time for violation of established guidelines or disruption of the educational environment.

Katy Independent School District  
**Request for Approval of Fund-Raising Activity by  
a Parent Organization or Booster Club**

(If additional space is needed, please attach additional pages to the form.)

Name of Organization/Support Group		Campus
Fund-Raising Activity/Project		
Purpose		
Scope of Solicitations:		
Student Incentives (if applicable):		
Date(s) of Project		Length of Project
Expected Profit		
Project Chairperson		Daytime Phone
Project Financial Person		Daytime Phone
Vendor		
Vendor's Address		Vendor Representative
		Phone Number
Organization Chairperson's Signature		Date
Campus Athletic Coordinator or Fine Arts Director		Date
Campus Principal		<input type="checkbox"/> Approved <input type="checkbox"/> Denied
Executive Director of Athletics' or Fine Arts Signature		<input type="checkbox"/> Approved <input type="checkbox"/> Denied
Katy ISD Marketing & Advertising Coordinator		<input type="checkbox"/> Approved <input type="checkbox"/> Denied
Assistant Superintendent for School Leadership and Support		<input type="checkbox"/> Approved <input type="checkbox"/> Denied
Associate Superintendent of Administration, Governance and Legal Affairs		<input type="checkbox"/> Approved <input type="checkbox"/> Denied
Comments		

(Submit this form with copies of all documentation and specifications to the campus principal one month prior to the proposed fundraiser for approval.)

A copy of the completed form with the final decision will be forwarded to the organization or booster club.



# Booster Club Guidelines

Updated July 2016

## ROLE OF BOOSTER CLUBS

Neighborhood patrons form booster clubs to help enrich the school's participation in extracurricular activities. The fundraising role of booster clubs is particularly crucial in today's economic climate. Positive and direct communication can prevent most problems. Keep the superintendent informed of all activities.

- Have a chain of command for communication with the administration.
- Clear all activities through your administration.
- The superintendent or a designee who does not coach or direct a UIL contest but has approval authority over booster clubs should be invited to all meetings. All meetings should be open to the public.
- Booster clubs should apprise school administrators of all club activities. Make sure your local administration has a copy of all booster club publications. Invite administrators to all booster club meetings. Have an officer meet with the school administration regularly.
- School administration should apprise booster clubs of all school activities.
- Booster clubs do not have authority to direct the duties of a school district employee. The scheduling of contests, rules for participation, methods of earning letters and all other criteria dealing with inter-school programs are under the jurisdiction of the local school administration.
- Minutes should be taken at each meeting and kept on file at the school.
- Periodic financial statements itemizing all receipts and expenditures should be made to the general club membership and kept on file at the school.

## WRITTEN POLICIES

Booster clubs should develop and annually review policies to cover:

- how to obtain administrative approval before beginning projects;
- how to plan and publicize meetings;
- bookkeeping and fund administration including process to obtain superintendent's approval prior to raising or spending funds;
- election of officers (suggestion: one president; one secretary; one treasurer; and three vice-presidents: one vice-president to oversee fall, winter and spring sports);
- taking, distributing and filing minutes;
- public communication;
- proper interaction with music and theatre directors and academic and athletic coaches through the lines of authority as established by the school board;
- a sportsmanship code governing behavior of booster club members and fans at contests, treatment of officials, guests, judges, etc.; and
- plans to support the school regardless of success in competition, keeping the educational goals of competition at the forefront of all policies.

## ROLE OF THE SUPERINTENDENT

Member schools make UIL rules and determine policies regarding penalties to schools, school district personnel and student participants. The superintendent is solely responsible for the entire UIL program. All school activities, organizations (including the booster club), events and personnel are under the jurisdiction of the superintendent. Booster clubs must recognize this authority and work within a framework prescribed by the school administration.

## PARENTS

- Remember: The classroom comes first!
- Help conduct fair and equitable competition: adhere to rules, uphold the law and respect authority.
- Remember that officials are human. Respect their decisions.
- Delegate authority to the school, and then support its decisions.
- Set standards by which you expect children to conduct themselves, and live by those standards yourself.
- Be aware of capabilities and limitations of young people. Don't have unrealistic expectations.
- Allow your children to live their own lives.
- Be involved in areas in which your own child is not involved, thus contributing to school unity and spirit.
- Show respect to the opponents of your children.
- Praise. Don't criticize. Urge others to do the same.
- Help your children and their friends develop integrity through the intensity of competitive activity.

## COACHES AND DIRECTORS

- Be sure your booster club wish list has been approved by your supervisor before it goes to the booster club.
- Work with your administration to determine what your club can provide.
- Make your request to the club benefit as many students as possible.
- Attend the booster club meetings and/or know what the club is doing.
- Understand that your advisory role to the boosters is without vote.
- Support other programs within your district.
- Meet with parents regularly and make them aware of relevant rules.
- Involve your staff with your booster club. Let the booster club know who your staff is and what duties they perform.



# CLUB FINANCES

*Fundraising | Spending | Stipends | Gifts to Coaches*

Fund-raising projects maybe subject to state law. Be sure that your club is in compliance with applicable law. For example, Texas has a law governing raffles. Also, consider seeking nonprofit or tax-exempt status. Consult the Texas Secretary of State's website as well as the IRS to determine if seeking designation as a non-profit that is tax exempt is appropriate for your booster club. [http://www.sos.state.tx.us/corp/nonprofit\\_org.shtml](http://www.sos.state.tx.us/corp/nonprofit_org.shtml)

Generally speaking, earnings by a properly organized booster club may not benefit any private shareholder or individual.

- Community-wide sales campaigns should be coordinated through the school administration to minimize simultaneous sales campaigns.
- Sales campaigns should be planned carefully to insure that the projects provide dollar value for items sold, and that most of the money raised stays at home. Otherwise donations are often more rewarding than letting the major part of the money go to outside promoters.
- Fund-raising activities should support the educational goals of the school and should not exploit students. Activities and projects should be investigated carefully before committing the school's support.
- Individuals who actively coach or direct a UIL activity should serve in an advisory capacity only to the booster club and should not have control or signature authority over booster club funds, including petty cash or miscellaneous discretionary funds.
- Coach's wish lists should have received prior approval from school administration before submission to boosters.
- Coaches and directors of UIL academics, athletics and fine arts may not accept more than \$500 in money, product or service from any source in recognition of or appreciation for coaching, directing or sponsoring UIL activities. The \$500 limit is cumulative for a calendar year and is not specific to any one particular gift. See Section 481, *UIL Constitution and Contest Rules*.
- Schools shall not pay to coaches, and coaches shall not accept, funds gathered by a high school booster club or other sources within the school district. See Section 1202(b), *UIL Constitution and Contest Rules*.
- Funds are to be used to support school activities. To provide such funding for non-school activities could violate UIL rules and the public trust through which funds are earned.

## ATHLETIC BOOSTERS

Individuals should be informed of the seriousness of violating the athletic amateur rule found in Section 441 and the awards rule found in Section 480 of the *UIL Constitution and Contest Rules*. Check with school administrators before giving anything to a student, school sponsor or coach. The penalty to a student-athlete is forfeiture of varsity athletic eligibility in the sport for which the violation occurred for one calendar year from the date of the violation. If a team violates the amateur rule, the penalty shall be assessed against the team and not against each individual. See Section 441(d), *UIL Constitution and Contest Rules*. All fans, not just members of the booster club, should be aware of these rules. It affects the entire community.

- Athletic booster club funds shall not be used to support athletic camps, clinics, private instruction or any activity outside of the school.
- The local school district determines when, how and from whom student athletes can receive meals and snacks. See Section 441(b)(9), *UIL Constitution and Contest Rules*.
- Schools must give prior approval for any banquet or get-together given for students.
- Students may not accept money or other valuable consideration from school booster club funds for any non-school purpose. See Section 441(A)(3), *UIL Constitution and Contest Rules*.
- Student athletes are prohibited from accepting valuable consideration for participation in school athletics - anything that is not given or offered to the entire student body on the same basis that it is given or offered to an athlete. See Section 441(a), *UIL Constitution and Contest Rules*. *Valuable consideration is defined as tangible or intangible property or service including anything that is usable, wearable, salable or consumable.*
- Booster groups or individuals may donate money or merchandise to the school with prior approval of the administration. These kinds of donations are often made to cover the cost of commercial transportation and to cover costs for meals. It would be a violation for booster groups or individuals to pay for such costs directly, without prior approval from the local school administration. See Section 441(b)(9) and Section 840 (a)(2)(A)(iv).
- Student athletes may accept small "goodie bags" consisting of cookies, candy and symbolic gifts from their classmates, if allowed by local school policy. See Section 441(B)(7), *UIL Constitution and Contest Rules*.



## ACADEMIC BOOSTERS

We encourage academic booster clubs, whether they cover UIL academic competition in general or specific programs such as theatre, speech/debate, journalism or math/ science. A great need exists for parental involvement and support.

The rules for athletics are different than the rules for academics and music. Athletes are restricted by the athletic amateur rule, which states that athletes cannot accept money or valuable consideration for participating in a UIL sport or for allowing their names to be used in promoting a product, plan or service related to a UIL contest. Academics has no amateur rule. Journalism participants may work for a newspaper and be paid. Actors may work summer stock and be paid. Students may win calculators and software for participating in invitational math contests.

UIL academic students are restricted by the awards rule. See Section 480, *UIL Constitution and Contest Rules*. So, as a general practice, booster clubs should not give gifts or awards to students for their participation in UIL contests that count toward district, region or state standing without prior school district approval. School booster clubs may raise money to purchase letter jackets, provided the funds are given to the school without designation to buy jackets for particular students and the school determines criteria for awarding the jackets. Parents may purchase jackets for their own children provided the school designates the student as being qualified to receive the jacket.

Booster Clubs may raise money to provide an annual banquet for academic participants and coaches.

### EXAMPLES OF ACADEMIC BOOSTER CLUB CONTRIBUTIONS THAT ARE NOT PROHIBITED BY UIL RULE, WITH LOCAL ADMINISTRATIVE APPROVAL, ARE:

- Purchase equipment for programs such as computers or software for yearbook or computer science.
- Organize and chaperone trips and assist with expenses for travel to academic competitions or educational trips such as journalism conventions or speech tournaments. Booster club funds may be used to provide food and refreshments for students on these trips. A purely recreational trip would not meet the definition of an educational field trip and could be considered a violation of the Awards Rule. See Section 480(2)(d), *UIL Constitution and Contest Rules*.
- Run tournaments, organize fund-raising efforts, recruit corporate donors, raise money for scholarships and arrange for tutors and professional trainers to work with students.
- Fund academic workshop scholarships provided selection of the recipients is not based solely on their success in interscholastic competition. Selection could be based on grade point average or the student's selection of high school courses. All students meeting the conditions for scholarship assistance should be notified and eligible for financial assistance. Funds should be monitored to ensure that they are expended for camp or workshop purposes.

## MUSIC BOOSTERS

In addition to the general procedures outlined, the following guidelines apply to Music Booster Club activities.

- Be mindful of the fact that there is no Music Amateur Rule. Therefore, limitations established in athletics intended to ensure compliance with the Athletic Amateur Rule do not apply to music programs and related activities.
- Some music booster clubs assist with expenses for travel to various music-related activities such as UIL contests and performances at away athletic events. Such financial support violates no UIL rules provided that it is approved and coordinated by the local school district.
- Many music groups schedule educational field trips with the approval of the local school administration and under local school district policies. For such trips, specific educational components must be included such as performing for a music festival, an adjudicated contest or a concert tour. Marching performances such as the Macy's Thanksgiving Day Parade, the Rose Bowl Parade or other similar ceremonial appearances also qualify. However, educational components need not be limited to performances. Concert attendance, visiting university/conservatory music facilities and other music related, non-performing opportunities would also be appropriate if approved by the local school district.
- A recreational trip, on the other hand, would not meet the definition of an educational field trip as provided in Section 480(f) of the *UIL Constitution and Contest Rules*. Students receiving the benefits of a purely recreational trip would likely be in violation of the Awards Rule.
- Booster Clubs may also fund scholarships for private lessons and summer music camps provided the selection of the recipients is not based on success in interscholastic competition. Funds for such activities should be carefully monitored to ensure that they are expended for educational rather than recreational activities.
- The awarding of patches, T-shirts or other items for achievement in interscholastic competition would be subject to the UIL Awards Rule. See Section 480(2)(A), *UIL Constitution and Contest Rules*. In order to protect all music students' eligibility, such awards should be approved and administrated by the local school district in accordance with school district policies.



## **Suggested Audit Program**

### **Bank Reconciliations**

Trace ending balances on the reconciliations to bank statements, outstanding check lists, and other reconciling items.

Verify that bank reconciliations were completed within 30 days of bank statement ending date.

Ensure that any outstanding or reconciling items on the reconciliations were cleared the following month.

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**

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.

Determine whether any cash corrections were identified on bank statements. Ensure that reasonable explanations are available.

Compare the number of cleared checks included in the bank statement with the number that is noted on the bank statement to ensure agreement.

Ensure that cleared checks contain signatures of individuals authorized to sign checks. Ideally, bank accounts should be established to require two signatures.

### **Receipts**

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.

Trace deposits to collection documentation and prepared cash receipts for agreement.

Trace deposits to bank statements to ensure agreement.

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**

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.

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

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

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

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

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.

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

### **Miscellaneous**

Inventory all 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.

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

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).

Ensure that sales tax reports were prepared and filed timely.

Verify that IRS 990 form was filed, review for reasonableness.