

**HIGHLAND PARK ISD
BOOSTER CLUB GUIDELINES**



2016-2017

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FOREWORD

The Business Services Department of Highland Park Independent School District prepared these Booster Club Guidelines to assist booster clubs in complying with district, University Interscholastic League (UIL), state, and federal requirements. Business Services is not an authority on specific accounting situations or tax-related issues concerning individual booster clubs; therefore, booster clubs should obtain competent independent counsel on accounting and tax matters related to their specific circumstances.

MISSION

Highland Park Independent School District, with an unyielding commitment to excellence, will provide an exceptional academic program that recognizes the unique potential of each student and integrates the intellectual, social, cultural, and physical aspects of learning. This program will empower each student to become an eager lifelong learner committed to academic excellence, integrity, responsible citizenship, and service to others.

REFERENCE LIST

Texas Secretary of State

www.sos.state.tx.us

512-463-5555

Texas Secretary of State-Nonprofit Organizations

http://www.sos.state.tx.us/corp/nonprofit_org.shtml

512-463-5555

Internal Revenue Service (IRS)

www.irs.gov

1-800-829-1040

IRS Exempt Organizations

<http://www.irs.gov/charities/index.html>

1-877-829-5500

Texas Comptrollers Office-Taxability Issues

<http://www.window.state.tx.us/>

1-800-252-5555

Texas Comptrollers Office-Exempt Organizations

<http://www.window.state.tx.us/taxinfo/exempt/>

1-800-531-5441, ext. 34142

University Interscholastic League (UIL)

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

512-471-5883

UIL Booster Club Guidelines

<http://www.uiltexas.org/policy/booster-club-guidelines>

512-471-5883

INTRODUCTION

Booster clubs are support organizations formed by parents to promote school participation in extracurricular activities or complement a particular student group. When students participate in extracurricular activities and programs, they enrich their education and expand their horizons. The Highland Park Independent School District greatly appreciates the time, effort, and financial support that the booster clubs provide to our students.

Although a booster club works very closely with the District, it is a separate entity from the District. The formation of a booster club must be approved by the appropriate District Administrator. In addition, an exempt organization must abide by all Highland Park Independent School District policies and procedures, University Interscholastic League regulations, federal and Texas state laws concerning booster organizations.

The Superintendent of Schools is solely responsible for the entire educational program including curricular and extracurricular activities. All events, activities, personnel, and organizations (including booster clubs) are under the jurisdiction of the Superintendent. It is important that booster clubs recognize this authority and work within the framework prescribed by the school administration.

Each school Principal is directly responsible for all fundraising activities carried on in his/her school by school personnel or outside organizations on behalf of the school and student group. Booster clubs supporting the school should fully cooperate with the principal conducting any activities on behalf of the school.

The Sponsor of a student group is an employee of the District who serves as a direct contact between the booster club and the District. The sponsor is responsible for determining the various activities in which the student group will participate with the approval of the Principal. The Sponsor should not be considered an officer or member of the booster club.

The booster club is responsible for supporting a student group, activity, or program. Their support supplements the students activities that range anywhere from providing a fan base at school games and events, to fundraising for an out-of-state competition. The collaboration between the sponsor and booster club helps to achieve the desired goals. Booster clubs decide the type and amount of assistance they will provide; and can offer suggestions about particular activities. However, the sponsor is responsible for the final decision with the Principal's approval.

INCORPORATING A NON-PROFIT ORGANIZATION

Boosters and parent groups must have 501(c)(3) designation in Highland Park ISD. In order to be a 501(c)(3) organization, you may incorporate through the Texas State Secretary of State. Per the State Comptroller's Office, the primary benefit to incorporating is the limited liability. The following excerpts were downloaded from the Texas Secretary of State's website. The information documented below is subject to change by the Texas Secretary of State. Therefore, for the most up-to-date version of this information, please go to: http://www.sos.state.tx.us/corp/nonprofit_org.shtml.

CERTIFICATE OF FORMATION FOR A NON-PROFIT CORPORATION

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

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

TAX EXEMPTION

A Texas non-profit organization, whether a corporation or an unincorporated association, is not automatically exempt from federal or state taxes. To become exempt, a non-profit organization must meet certain requirements and apply with both the Internal Revenue Service and the Texas Comptroller of Public Accounts. The Texas Secretary of State does **not** make such determinations. The Secretary of State only incorporates organizations. Only non-profit corporations that have 501(c)(3) federal status are considered exempt.

- **Federal Taxes** - [IRS Charities & Nonprofits page](#)
 - To attain a federal tax exemption as a charitable organization, your certificate of formation must contain a required purpose clause and a dissolution of assets provision.
 - [IRS Stay Exempt](#): tax information for 501(c)(3) organizations
 - [IRS Publication 557](#) (PDF, 1.6mb), *Tax Exempt Status for your Organization*.
 - [Life Cycle of a Public Charity](#): sample organizational documents and IRS filings
 - Questions about federal tax-exempt status? Contact the IRS Exempt Organizations Section at 877-829-5500.
 - [IRS Form 1023](#) (PDF, 830k) application for recognition of exemption and [instructions](#) (PDF, 182k).
 - [Information about Form 990-N reporting requirements](#) for small tax-exempt organizations whose gross receipts are normally \$50,000 or less.
- **State Taxes** - [Comptroller of Public Accounts Exemption page](#)
 - Comptroller [Publication 96-1045](#), *Guidelines to Texas Tax Exemptions*.
 - [Exemption Forms](#).
 - Questions about state tax-exempt status? Review the comptroller's [FAQs](#) or contact the comptroller's Exempt Organizations Section by phone at (800) 531-5441 or (512) 463-4600 or by [email](#).

FEDERAL TAX INFORMATION

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

WHY DO I WANT TO BE TAX-EXEMPT?

The IRS Tax Code provides for special treatment of certain organizations identified as "tax-exempt." Some benefits to becoming tax-exempt as a public 501(c)(3) organization includes:

1. Taxes are not paid to the IRS for revenues raised, and
2. Contributions to certain tax-exempt organizations [501(c)(3)] are tax-deductible by the contributor.

However, the following are restrictions placed on tax-exempt organizations that Exempt Organizations/Booster Clubs **must follow** to receive and retain tax-exempt status:

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

The criteria should be established in writing (in the bylaws) prior to a particular situation arising. In addition, the criteria should be used consistently for all people, and the criteria should not change every year.

Tax-exempt organizations cannot use individual accounts. "Individual accounts" are those accounts used by an Exempt Organization/Booster Club to credit *an individual* with revenues raised. The Exempt Organizations/Booster Clubs would use these accounts to benefit *the individual* by offsetting *that individual's expenses* with the amount credited to *that individual* from the revenues raised. Please note that individual accounts do not refer to bank accounts. The purpose of a tax-exempt organization is to benefit an entity as a whole instead of benefiting individuals.

Therefore, the use of individual accounts could result in denial of the application for tax-exempt status by the IRS or the loss of existing tax-exempt status. In addition, the individual benefits received by people would result in taxable income to them.

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

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

FEDERAL REQUIREMENTS

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

- Online Go to www.irs.gov, under the Tools section click on "Apply for an Employer ID Number," and then click "Apply Online Now." This is the preferred method for requesting an EIN. The EIN is issued immediately once the application information is validated.
- Telephone Call 1-800-829-4933 from 7:00 AM to 7:00 PM local time, Monday thru Friday.
- Mail or Fax Use Form SS-4, Application for Employer Identification Number. Mail to: Internal Revenue Service, Attn: EIN Operation, Cincinnati, OH 45999. Fax to 859-669-5760.

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

When completing the Form 1023, booster clubs and exempt organizations will establish their fiscal year-end (also known as the accounting year-end or official year-end). When considering a fiscal year-end date, you may wish to align your year-end with the school's year-end date of June 30th. This way, the financial activity of the Club can relate easily to a given school year. Second, the officers can prepare the annual financial report and have it audited before the new school year begins. Third, the Club's Form 990 would not be due to the IRS until November 15th; therefore, the new officers would have time to prepare it after beginning the new school year. Depending on the anticipated annual gross receipts, the user fee is either \$400 or \$850. If annual receipts will be less than or equal to \$10,000 during preceding 4 years, or 501(c)(3) organizations with annual gross receipts less than or equal to \$50,000 and assets less than or equal to \$250,000, submit a user fee payment in the amount of \$400. If annual gross receipts are greater than \$10,000 during preceding 4 years, you must submit payment of \$850. Mail package 1023 and the user fee to:

The Internal Revenue Service
P O Box 12192
Covington, KY 41012-0192

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

While an organization's Form 1023 is pending approval from the IRS, the organization may operate as a tax-exempt organization. Exemption will be recognized only from the date of receipt. The date of receipt is the date of the U.S. postmark on the cover in which an exemption application is mailed or, if no postmark appears on the cover, the date the application is stamped as received by the IRS.

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

- 3. Annual Exempt Organization Information Returns.** Exempt organizations are required to file annual information returns. The deadline to file the return is the 15th day of the fifth month after the organizations year end. Instructions for Form 990-N, Form 990 and Form 990 EZ can be found on the IRS website at www.irs.gov under charities and non-profits. If an organization does not file as required for three consecutive years, the law provides that it automatically loses its tax-exempt status.

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

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

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

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

STATE TAX INFORMATION

STATE REQUIREMENTS

1. **Texas Application for State Tax Exempt Status.** Once 501(c)(3) designation has been achieved, the organization must apply for an exemption from sales and franchise tax from the Texas State Comptroller's Office. This is done by written request, which includes a description of activities, copies of articles and bylaws, and a copy of the IRS determination letter granting tax exemption. Further information may be obtained on the Comptroller's web site at <http://www.window.state.tx.us/taxinfo/exempt>.
2. Booster clubs and similar organizations will not qualify for exemption as an educational organization. However, if the club or school support organization is exempt from federal income tax as a 501(c)(3) or 501(c)(4) organization, they would be entitled to exemption from sales tax and, if applicable, franchise tax. These organizations should submit form AP-204, Application for Exemption-Federal and All Others, along with a copy of the determination letter from the Internal Revenue Service stating that the organization has qualified as a 501(c)(3) or 501(c)(4) organization.
3. Send the completed application along with all required documentation to: Texas Comptroller of Public Accounts, Exempt Organizations Section, P.O. Box 13528, Austin, TX 78711-3528. The organization will be contacted within 10 working days after receipt of the application with the status of the application. After a review of the material, the organization will be informed in writing if it qualifies for exemption. If you have questions or need more information, contact our Tax Assistance staff at 1-800 252-5555, or in Austin at 512-463-4600.
4. Although sales tax exemptions apply to purchases necessary to an organization's exempt function, the exempt organization must collect tax on most of its sales. Exempt organizations should claim an exemption at the time of purchase by providing a properly completed Texas Sales Tax Resale Certificate in lieu of paying tax to the retailer. Items purchased tax free by an exempt organization cannot be used for the personal benefit of an individual or other private party. See *Exempt Organizations-Sales and Purchases* ([Pub. 96-122](#)) (PDF, 405KB) for more information.
5. Generally, an exempt organization must get form AP-201, Sales Tax Permit, then collect and remit sales tax on all taxable items it sells. There is no fee for the permit. The exempt organization may not use the number of another Booster Club or the number of Highland Park ISD. May apply on-line at the following link: <http://window.state.tx.us/taxpermit/>.
6. When you obtain your Texas sales and use tax permit, you will be instructed to file your tax return on a monthly, quarterly, or yearly basis (the determination is based on the volume of sales expected for your business). A Sales and Use Tax Return is a form used by a Texas sales and use tax permit holder to report the collection and remittance of sales and use taxes to the Comptroller's office. This filing requirement will be adjusted based on the amount of taxes that you actually collect.
 - **Monthly:** Taxpayers who collect \$500 or more in state sales or use tax in a month must file monthly. Monthly sales and use tax returns are due on or before the 20th day of the month following the month in which the taxes were collected. For example, the July return must be filed on or before August 20th.
 - **Quarterly:** Taxpayers who collect less than \$500 state sales and use tax per month (or less than \$1500 per calendar quarter) may file quarterly. Quarterly sales and use tax returns are due on or before the 20th day of the month after the end of the quarter in which the taxes were collected. For example, the first quarter covers January, February, and March, and the return must be filed on or before April 20th.
 - **Yearly:** Taxpayers who collect less than \$1,000 in state sales and use tax per year may file yearly. Yearly sales and use tax returns are due on or before January 20th.

TAXABLE VS. NON-TAXABLE ACTIVITIES

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 parent, Booster, patron, or alumni organizations to secure exemption from sales and excise taxes. Parent/teacher organizations, Exempt Organizations, and Boosters Clubs must apply for their own exemption.
- Members of the booster organization may not use tax-free items for personal benefit.
- Meals purchased by the organization for athletic teams, bands, etc. on authorized school trips are exempt from sales tax if the organization contracts for the meals. The organization must pay for the meals with a 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.

TAXABLE STATUS OF SALES

- The booster organization shall collect sales tax on all taxable sales unless the items are qualified tax exempt, such as food, or sold as part of the two one-day tax-free sales.
- 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.
- Below is a list of items or activities that have been identified as being taxable or non-taxable by the Comptroller's Office when sold or sponsored by a school, by an organization within a school, PTA's, Booster Clubs, and employee associations. The lists are not all-inclusive but may help you make determinations on other similar sales.

NON-TAXABLE SALES
<i>School and school related organizations need not collect sales tax on the following:</i>
Ad Sales-in yearbooks, athletic programs, newspapers, posters
Admission tickets - athletic , dances, dance performances, drama and musical performances
Admission-summer camps, clinics, workshops, project graduation, banquet fees, bids, prom, homecoming, tournament fees, academic competition fees
Club memberships
Cosmetology Services (Products sold to customers are taxable)
Discount/Entertainment cards and books
Facility rentals for school groups
Food and drinks sold at PTA Carnivals
Sale of food and soft drinks sold during a regular school day, subject to an agreement with the proper school authorities.
Vending machine sales
Meals and food products, including candy and soft drinks, served in an elementary or secondary school during the regular school day.
Candy and food items sold through fund raising drives by PTA or students of the school who are under eighteen years of age
Labor-automotive, upholstery classes (parts are taxable)
Lost Library Books or Lost Textbooks
Magazine subscriptions greater than six months
Parking Permits

Periodicals and Writings (reading materials such as yearbooks, calendars, directories, magazines, brochures and newsletters (if published and distributed by Booster Clubs or PTAs)
Replacement student ID (fee/fine for replacement of required item)
Services-car wash, cleaning

TAXABLE SALES	
<i>State and local sales taxes shall be imposed and collected on all sales for:</i>	
Agenda Books	Magazine-Subscriptions less than 6 months
Agricultural Sales	Magazines-when sold individually
Art-supplies and work of art	Musical supplies-recorders, reeds
Artistic-CDs, tapes, videos	Parts-career & technology classes (not to include products used in cosmetology)
Athletic-equipment and uniforms	Parts-upholstery
Auction items sold	PE-uniforms, supplies
Automotive-parts and supplies	Pennants
Band-equipment, supplies patches, badges, uniform sales and rental	Pictures-school, group (if school is the seller)
Book Covers	Plants-holiday greenery and poinsettias
Books-workbooks, vocabulary, library, author (when we are the seller)	Rentals-equipment of any kind
Book Fairs-all books sold	Rentals-uniforms of any kind, towels
Brochure Items	Repair to tangible personal property (i.e., computer repair, house remodeling)
Calculators	Rings and other school jewelry
Calendars	Rummage, yard and garage sales
Candles	Safety supplies
Car -painting, pin striping	School publications-athletic programs, posters
Clothing-school, club, class, spirit	School publications-brochures
Computer-supplies, mouse pads	School publications-magazine (unless >six month subscription)
Cosmetology products sold to customers	School publications-newsletters, newspapers (generally are not sold though)
Cups-glass, plastic, paper	School publications-reading books
Decals	School publications-sheet music, hymnals
Directories-student, faculty	School publications-yearbooks
Drafting-supplies	School store-all items (except food)
Family and Consumer Science-supplies and sewing kits	Science-science kits, boards, supplies
Fees-copies, printing, laminating	Spirit items
Flowers-roses, carnations, arrangements	Stadium seats
Greeting Cards	Stationary
Handicrafts	Supplies-any sold to students
Horticulture Items	Uniforms-any type to include PE, dance team, drill team, cheerleaders, athletic, club shirts
Hygiene Supplies	Vending-pencils and other non-edible supplies when the school services the machine

Identification Cards-when they are sold to the entire student body (not just the fine for a lost ID)	Woodworking crafts-entire sales to include parts and labor
Locks-sales and rentals	Yard signs

FOOD SALES

The sales tax statute exempts the sales of food, including meals, soft drinks, and candy, by a group associated with a public or private elementary or secondary school when the sales are part of a fund-raising drive sponsored by the organization, and all net proceeds from the sale go to the organization for its exclusive use. Student groups, PTA's and Booster Clubs are included in the provision. It does not matter if the sale is during the school day, the evening, or on a weekend; if it is a fund-raiser, it is not taxable. All athletic event concession sales are taxable unless the sales are part of a fundraising event.

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

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

CATALOG SALES AND BOOK FAIRS

All catalog fund-raisers and book fairs are considered taxable, and cannot be considered as one of your two "one-day, tax-free" sales per calendar year. Your booster club is considered an agent of the vendor and, therefore, must collect sales tax for items sold that are taxable. If you plan to hold a catalog fundraiser, tax must be collected for those items in the fundraiser that are taxable. For instance, gift wrap is taxable, but cookie dough is exempt from sales tax by law. The vendor should remit the applicable sales tax to the Texas Comptroller's Office. A late fee will be imposed by the Texas Comptroller's Office to any entity failing to submit a sales tax report even if sales tax was not collected during the period.

ONE-DAY TAX-FREE SALES

Each schools, each student groups (band, orchestra, student council, etc.), and qualified exempt organizations such as parent teacher associations (PTA) and booster clubs may conduct two one-day tax-free sales or auctions each calendar year. For the purposes of this exemption, one day is counted as 24 consecutive hours and a calendar year is the 12-month period from January through December. See Tax Code Section [151.310\(c\)](#) and Rule [3.322\(h\)\(2\)](#).

Items sold at one-day tax free sales should be purchased tax-free by issuing a Texas Sales Tax Resale Certificate to the seller. A one-day tax free fundraiser can add to the profitability of a fundraiser and/or reduce the total costs to the buyers. Proper planning can qualify an organization's fundraisers as one-day tax free sales. One way to qualify a fundraiser as a tax-free sale would be to deliver the items being sold to the buyers on a single day. Orders and/or collections could be taken over an extended period before delivery is made. Persons buying from surplus inventory on the designated date do not owe tax. Those buying on subsequent dates owe tax unless the purchase occurs on the organization's other tax-free sale day.

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

BOOSTER CLUB FORMATION

BYLAWS

Each booster organization must develop and maintain bylaws that are jointly reviewed on an annual basis by the booster club officers. The bylaws should contain the detail 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 shall be permitted to hold office or vote upon any matter of business of the organization.

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

Employees of the District shall not serve in a financial capacity of a booster or other parent organization. Financial capacity includes holding positions of treasurer, fund-raising chairperson, or serving as a check signer.

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

OFFICERS

PRESIDENT

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

VICE-PRESIDENT

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

- Preside at meetings in the absence or inability of the president to serve;
- Perform administrative functions delegated by the president;
- Perform other specific duties as outlined in the bylaws of the organization.

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

SECRETARY

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

TREASURER

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

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

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 alone has the power to make decisions or rule on a point of order. Thus, after the parliamentarian has given his advice, the presiding officer must make the ruling to the organization—he 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 group on which he serves. A copy of *Roberts Rules of Order Newly Revised* should be maintained by the organization and referenced as needed. (www.robertsrules.com)

COMMITTEES

SPECIAL COMMITTEES

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

NOMINATING COMMITTEE

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

AUDIT COMMITTEE

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

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

The audit committee shall make a report to the general membership upon completion of the audit. Any discrepancies noted shall be brought to the attention of the president of the organization and a resolution reached prior to presentation. All officers of the organization shall make records available as requested by the committee. At the end of the audit, the audit committee should produce a financial certification, an audit report, an income statement and a balance sheet. Please refer to the Appendix for suggested audit procedures and financial statement templates. Copies of final audit reports should be submitted to the Business Services Department by September 15 of each year in conjunction with the financial information requirements for GASB 39.

ELECTION OF OFFICERS

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

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

STANDARDS FOR MEETING

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

RULES FOR DISSOLUTION

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

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

RECORD KEEPING

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

GENERAL & RESPONSIBILITY GUIDANCE

The purpose of the booster club guidelines is to provide general, not specific and/or all-inclusive, tax and other information as it relates to the Booster Club. This information is provided by the District's Business Services Department; however, Business Services is not an authority on specific accounting situations or tax-related issues concerning individual Booster Club. It is each Booster Club's sole responsibility to seek competent professional tax and legal advice on its own and at its expense on an as needed basis to assist and to advise it on legal and tax matters. Booster Clubs should comply with all Highland Park ISD policies, UIL regulations, and Federal and Texas state tax laws.

GENERAL GUIDANCE

- A Booster Club is created by parents to provide support for school programs. According to the District's [Board Policy GE \(LOCAL\)](#), "District-affiliated school-support or booster organizations shall organize and function in a way that is consistent with the District's philosophy and objectives, within adopted Board policies, in accordance with applicable [UIL guidelines](#) and financial and audit regulations."
- Each Booster Club is a separate entity from the District and its school, and may not represent the District nor bind the District or any of its employees to a third party with which the organization may conduct business.
- Each Booster Club shall operate under bylaws and should be kept in writing in the permanent records of the organization.
- All meetings of parent organizations must be public meetings. Minutes of all Booster Club meetings should be kept in writing in the permanent records of the organization.
- Schools are not equipped nor funded to receive, sort, safeguard, or distribute mail for all of the District's Booster Clubs and exempt organizations. Therefore, Booster Clubs and exempt organizations should obtain a post office box or a private mailing box to receive official Booster Club mail. The District does not recommend using a home address since officer's change frequently. It is very important to maintain a consistent mailing address.
- Booster Clubs have no authority to direct any school employee in any of his or her duties. Further, they have no authority to guide, direct, or establish guidelines for any school or student activity.
- If any organization approved by the Superintendent or designee disbands, ceases to operate, chooses to withdraw from association with the District, or fails to be re-approved by the Superintendent or designee, all funds and property of the organization shall become property of the District.
- Any organization that fails to adhere to any Board policies or any administrative regulations may be disbanded and shall cease to be recognized by the District as a legitimate school-related club or organization.

RESPONSIBILITY GUIDANCE

- The responsibility for the proper collection, reporting, disbursement, and safeguarding of all money and other Booster Club assets rests solely with each Booster Club's officers, jointly and severally, not with the school district or with any of the District's employees.
- **The commingling of Booster Club money with school money is strictly prohibited.** A legitimately organized Booster Clubs must have a separate bank account for collections and disbursements outside of the campus activity funds.
- Booster Clubs should begin each year with specific goals in mind before determining the dollar amount needed in a fundraising event. It is important that all funds collected through fundraising efforts are spent for the purposes they were collected.
- For proper safeguarding of funds, all funds received should be receipted and deposited within 24 hours of receipt.
- It is suggested that at least two officers sign each disbursement. Both signers should be parents or guardians with children in the affiliate Booster Club.
- Booster Clubs should not use the school's name on its checks or on its literature. The use of the school name might imply that the school or the District is responsible for any obligations entered into by the club. A proper name on accounts and literature would be "ABC High School Band Booster Club" as an example.
- District employees including principals, teachers, sponsors, and coaches may **not** serve in a financial capacity of a Booster Club. Examples include treasurer, fundraising chairperson, or check signer.
- UIL guidelines state "Individuals who actively coach or direct a UIL activity should serve in an advisory capacity to the Booster Club and should not have control or signature authority over Booster Club funds, including petty cash or miscellaneous discretionary funds. Coaches wish-lists should have received prior approval from school administration before submission to boosters."
- School employees may **not** accept loans of funds from parent and student organizations.
- Direct payments or cash to District employees are **not permitted** uses of booster funds. This means that no cash may be given to any school employee to use at his or her discretion. This type of cash payment would have no legitimate purpose or documentation.
- The purchase or consumption of alcoholic beverages while on school property or in the presence of students is **specifically prohibited**.

SPECIFIC GUIDANCE

GIFTS & AWARDS TO STUDENTS

UIL Awards and Amateur Rules govern that booster clubs may not give any gift or award in money or other valuable consideration to a student for participation in UIL contest.

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

GIFTS & AWARDS TO SPONSORS AND COACHES

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

BANQUETS

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

DONATIONS

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

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

AUDIT OF BOOSTER CLUBS

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

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

RECORD RETENTION

All Booster Club and exempt organizations records should be maintained in a manner to facilitate the transfer of duties to new officers each year. Audit documentation should be maintained in the permanent records of the organization. Organization records not permanently retained may be kept for at least five years after the end of the fiscal year.

LIABILITY INSURANCE

It is strongly recommended that booster clubs should consider the purchase of liability insurance to protect the organization and its members. Coverage to be considered should include general liability, officer's liability, business personal property (if booster owned property exists), and fidelity (otherwise known as bond) coverage. The cost of the insurance varies depending on the amount of coverage, but is generally reasonable. Insurance underwriters for booster clubs, in many cases, require an annual audit to be performed by an Audit Committee and must have a procedure in place to have bank statements and reconciliations reviewed by a member without check signature authority.

BANK ACCOUNT

Booster clubs should set up its own separate bank account with the booster club's EIN number only. A person's social security number or the District's EIN number should not be used to set up a bank account nor conduct the business of the organization.

To open a bank account, the booster club **must** first obtain an Employer Identification Number (EIN) from the IRS. See the Federal Tax Information section for more information on obtaining an EIN (Note: Specific steps for opening a bank account will vary by institution.)

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

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

FUNDRAISING GUIDANCE

FUNDRAISING PARTICIPATION AND QUOTAS

Fundraising activities should support the educational goals of the school and should not exploit students. Therefore, fundraising efforts should be planned and carried out by the parents, not students. Booster Clubs cannot require a member to participate in fund-raising activities. In addition, members cannot be required to sell or raise a certain amount. Both of these practices may jeopardize an organization's tax-exempt status with the IRS. However, Booster Clubs may develop specific criteria that must be met in order for a benefit to be given to a member.

INDIVIDUAL ACCOUNTS

Tax-exempt organizations cannot maintain individual accounts that are earmarked for a particular individual. According to the IRS, revenues generated from fundraising by tax-exempt organizations should benefit the organization as a whole, not individuals. "Individual accounts" are those accounts used by a Booster Club to credit an individual with revenues raised. The Booster Club would use these amounts to benefit the individual by offsetting that individual's expenses with the amount credited to that individual from the revenues raised. The purpose of a tax-exempt organization is to benefit an entity as a whole instead of benefiting individuals. Therefore, the use of individual accounts could result in denial of the application for tax-exempt status by the IRS or the loss of existing tax-exempt status. In addition, the individual benefits received by people would result in taxable income to them.

RAFFLES

In an effort to assist parent organizations comply with the Charitable Raffle Enabling Act, the following information is being presented as outlined by the Attorney General of Texas (<https://www.oag.state.tx.us/consumer/raffle.shtml>).

A raffle is the awarding of one or more prizes by chance at a single occasion among a single pool or group of persons who have paid or promised a thing of value for a ticket that represents a chance to win a prize.

[Board Policy FJ \(Legal\)](#) states "The District is not a 'qualified nonprofit organization' for purposes of the Charitable Raffle Enabling Act and shall not sponsor or conduct raffles." [Board Policy GKB \(Legal\)](#) further states "A 'qualified nonprofit organization' for purposes of the Charitable Raffle Enabling Act may conduct raffles in accordance with the Act to benefit the District or school. A parent-teacher organization may be qualified to hold such raffles if it meets the requirements of the Act."

Qualified exempt organizations are permitted to hold raffles subject to the following conditions:

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

A raffle that violates the Charitable Raffle Enabling Act is considered illegal gambling under the Texas Penal Code subject to a Class A misdemeanor (conducting) or Class C misdemeanor (participating).

INTERNAL CONTROLS

In order to protect the Booster Club, its members, and its financial well-being, standard internal controls must be in place. The following is a summary of basic internal controls necessary to prevent the loss of funds through carelessness, mistakes, or misappropriation.

CONTROLS OVER BANK ACCOUNTS

- Booster organizations are required to establish a checking account at a banking institution. Try to limit the number of bank accounts so that reconciliation/management of funds is easier.
- Accounts should be established with at least three individuals on the signature card. Checks must require the signature and authorization of two club officers.
- Bank statements should be reconciled within 30 days of the date of the statement to ensure that possible inaccurate transactions are identified and communicated to the financial institution for correction.
- A second officer, not involved in the financial aspects, should review and sign off on the completed bank reconciliation and bank statement. The review should include specific attention to outstanding or reconciling items, as well as reasonableness with the Treasurer's report, budget, and ongoing business of the organization.
- Fewer bank accounts, check signers, and members handling cash limit the opportunity for fraud.

CONTROLS OVER CASH & RECEIPTS

- All cash collections received by the booster organization for fees, dues, fundraising, etc. must be deposited upon receipt and prior to holidays and weekends.
- Funds must be supported by documentation to record the source and amount of funds (cash receipt form; tabulation of monies collected form; ticket sales record; etc.). Documentation shall be readily available for audit purposes.
- Cash should be adequately safeguarded at all times.
- At no time should booster organization funds collected be maintained at a member's home. Every effort should be made to balance funds collected the day of the event and deposit at bank or bank night drop for safekeeping.
- Have a second individual recount and verify deposits to ensure the funds are accurately counted.

CONTROLS OVER DISBURSEMENTS

- Checks should not be generated without proper documentation (i.e. original invoice or receipt).
- Validate documentation as "paid" after it is used to issue a check so that it is not used again to duplicate payment.
- Checks should require the signature of two officers.
- Blank checks should not be issued under any circumstances. Have a member submit a receipt after purchase for reimbursement or an invoice prior to purchase so that the check is issued directly to vendor for the exact purchase amount.

BUDGETARY & OVERSIGHT CONTROLS

- Members should establish and approve a budget at the beginning of the school year. Actual receipts and disbursements should periodically be compared to the budget.
- It may be helpful to use a budget tracking form to members to help track expenses and manage the budget.
- The Treasurer should provide financial reports at each meeting which should include the bank account balance and budget versus actual of receipts and expenditures.
- Prepare a financial recap at the completion of each fundraising event to determine profitability of the fundraiser.
- At the end of the fiscal year, an audit of the booster club's financial records should be conducted. The audit committee shall make a report to the general membership upon completion of the audit.

FINANCIAL INFORMATION

ACCOUNTING PROCEDURES

- Permanent accounting records should be limited at all times to only those persons whose duties require access. Any requests for information should be provided copies in the presence of an officer.
- Since officers generally change on an annual basis, it is recommended that the organization's accounting records and permanent documents (Articles of Incorporation, Sales Tax Permit, and Determination Letter) be transferred to the incoming officers at the completion of the year.
- There should be written instructions on the recording of accounting transactions, preferably in the organization's by-laws.
- The PTO/BOOSTER CLUB'S books should be reconciled to the bank statement **monthly**.
- There should be adequate separation of duties for as many of the following duties as possible:
 - Cash receipting
 - Deposits
 - Authorization of disbursements
 - Cash disbursements
 - Receiving purchased goods
 - Accounting records and entries
 - Bank statement reconciliation
 - Petty cash fund
- Bank statements should be mailed to the official mailing address of the Booster Club, not the school or home of a Booster Club member. The IRS and the Texas State Comptroller's Office recommend that each Booster Club obtain a post office box to use as the official mailing address of the Booster Club. The address and box keys can be given easily to the new officers at the beginning of each new year. Also, Booster clubs receive several important documents throughout the year and if the address is changed frequently or at the school's address some of these documents could be lost or misplaced.

CASH RECEIPTS

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

- Cash receipts must be pre-numbered and issued sequentially.
- All cash receipts must be completed in full with the following information:
 - Date received
 - Remitter's name
 - Numerical amount
 - Amount in words
 - Breakdown of cash vs. check
 - Description of collection
 - Signature of the individual receiving the funds
- All monies should be counted and receipted in the presence of the individual turning in the money.
- Incoming checks should be restrictively endorsed immediately upon receipt with an endorsement stamp that has the Booster Club name, the bank's name, and the bank account number.
- All copies of voided cash receipts should be retained in the cash receipts book.

DEPOSITS

- Any monies received should be deposited on a daily basis and never held in a school nor taken home.
- Carefully count all money for deposit and record it on a deposit slip with the following information:
 - Date prepared
 - Breakdown as cash and coins
 - Check writer's name/number and amount
 - Receipt numbers and/or range of receipt numbers should be written on all deposit slips
 - Total deposit amount
- All checks for deposit should be listed separately on a deposit slip or supported by an adding machine tape. A minimum of two adding machine (calculator) tapes should be run to ensure accuracy. A good practice is to write the number of checks deposited on the deposit slip when the checks are too numerous to list.
- The cashing of checks out of cash receipts or petty cash should be prohibited. Therefore the cash vs. check on the cash receipts must match the cash vs. check on the deposit slip.
- Tally the pre-numbered cash receipts and make certain that this total matches the deposit total.
- Attach the cash receipt verification with a copy of the deposit slip and file in date order.
- To ensure the funds are accurately counted, have a second individual re-count the deposit.
- Both individuals should initial next to the total amount on the deposit slip.
- 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 incorrect.
- Be sure that all cash receipts are properly posted to a ledger of all transactions. The information posted should match the information on the cash receipts.
- Post-dated checks should never be accepted. A post-dated check is a check that has been dated after the date the check is given to the payee.
- Returned checks should be re-deposited immediately or otherwise promptly collected. It is possible to call the bank to verify funds before re-depositing the money a second time.
- Accounting entries for each returned (NSF) check should be made upon receipt of the returned check from the bank.

CASH DISBURSEMENTS

- A disbursement voucher may be completed for all expenditures regardless of the amount.
- At no time should a check be issued without the appropriate supporting documentation. Original invoices and receipts should be marked "paid" with notation of the check number and date paid, to provide a cross-reference to the issued check. If a disbursement voucher is used, attach all supporting documentation to the voucher.
- File disbursement documents in check number order.
- All unused checks should be kept safe and secure at all times.

- Checks should not be pre-signed.
- "Blank" checks should never be issued.
- The sequence of check numbers should be accounted for when reconciling the bank statement to the books.
- Reimbursements need to be pre-approved by appropriate members of the club. A check disbursement/reimbursement request form can be prepared and required for payment.
- **Original** invoices, sales slips, or receipts should be attached to the file copies of all checks as support for the payment. If several invoices or receipts are submitted for reimbursement, an adding machine tape should be run and attached. This total should agree to the check total.

PETTY CASH

- Each booster 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.
- The petty cash funds should be used for emergency purchases only. All other purchases should be made with a Booster Club check.
- Upon disbursement through the petty cash account, retain the receipt for the purchase.
- 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 shall 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.

Items needed for reconciliation:

- Blank reconciliation form
- Prior month's bank reconciliation
- Bank statement
- Check book and/or check register journal
- Cash receipt book and/or cash receipt journal
- Transaction register/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 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.
- List any current outstanding checks on the bank reconciliation.
- Determine the deposits in transit by comparing the cash receipts journal to the bank statement.
- List any deposits that have not cleared the bank on the bank reconciliation.
- Identify any items that need to be corrected by the bank, such as check printing, returned check charges and material encoding errors. These items should be listed under other adjustments.
- Total all items and enter the amount on the adjusted bank balance line.

To complete the transaction register/ledger side of the reconciliation form, perform the following:

- Be sure that any bank statement interest is immediately posted to the general ledger.
- Enter the general ledger beginning balance, total receipts, total disbursements, and ending balance.
- Ensure that the current month's beginning balance matches the prior month's ending balance.

Compare the adjusted bank balance to the general ledger ending balance to make sure that they are in agreement. If they are not, the reconciliation is NOT complete. Examine the prior month's reconciliation to ascertain that all items have been posted and/or corrected.

CANCELLED CHECKS AND VALIDATED DEPOSIT SLIPS

Review cancelled checks or imaged copies of checks to verify:

- The payee is consistent with that identified in the check register;
- Endorsements on the checks are reasonable; and
- Checks contain the required two signatures.

The bank validated deposit slips should also be reviewed to verify:

- The deposit amount is correct; and
- The deposit was made within a reasonable time period.

It is important that all bank copies of cancelled checks and validated deposit slips are reviewed to ensure there were no unauthorized recipients or activity. File these documents with the bank statement, bank reconciliation, and transaction register/ledger for each month.

AUDIT COMMITTEE

OVERVIEW

Each organization is required to have an audit committee conduct an annual review of the organization's revenues and expenditures.

The audit committee may include officers (not the President or Treasurer) and club members. At least half of the committee must be non-officer members and should not be signers on the checking account. The audit committee should not be made up of the same people every year.

The sponsor for the organization should be knowledgeable of the organization's activities; however, the sponsor should not be one of the members of the audit committee. An outside party, such as a CPA or an accountant, may be used to audit the financial information versus an audit committee. If an outside party performs the review, their results should be shown in their own report format. The outside party would need to sign and date their report.

The examples of the Audit committee Report show space for four (4) members; however, the club may have more or less committee members. The same information must be documented for each of the committee members, regardless of the size of the committee.

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

Less than 50: Two Members

50-99 Three Members

100-199: Four Members

200-299: Five Members

300+: Six Members

Have the Treasurer prepare the written report of revenue and expenditures (financial report) for your Booster Club. The report should include information for the **full applicable year**. The Booster Club may use July 1-June 30 as their reporting period (this is the preferred reporting year).

INSTRUCTIONS

The Audit Committee should select one of these examples (based on the findings during the audit) to document the results and conclusions of their audit:

Type A Audit was performed with no exceptions noted; therefore, the Financial Report appears proper and correct.

Type B Audit was performed with immaterial exceptions noted. The Financial Report was either corrected or exceptions did not have a material effect. Except for these minor exceptions, the Financial Report appears proper and correct.

Type C Audit was performed with material exception(s) being noted. Because of the material exception(s), the Financial Report is not proper and correct.

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

The organization's Treasurer and President are responsible for resolving exceptions and acting upon the recommendations made by the audit committee to prevent the future occurrences of these exceptions. Maintain a copy of the Financial Report and a copy of the Booster Club Audit Committee Report on file with the Treasurer of the Booster Club. **The file with these reports should be kept at least five (5) years and should be forwarded to the new Treasurer each year.**

FINANCIAL REPORTING TO DISTRICT

GASB Statement No. 39 of the Governmental Accounting Standards Board requires the District to obtain and review financial performance information of supporting organizations to determine whether these organizations should be considered a component unit. Therefore, Booster Clubs are required to submit to Business Services end-of-year financial statements by September 15 each year.

Please see [Exhibits A, B, and C](#) for the required Booster Club financial information.

Exhibit A: Sample Memorandum

TO: Booster Club Presidents & Treasurers
FROM: Business Services Department
DATE: May xx, 20xx
SUBJECT: Booster Club Submission of Financial Information

The District's Booster Club manual requires supporting organizations to submit financial information to the District's Business Services Department by September 15 each year. GASB Statement No. 39 of the Governmental Accounting Standards Board requires the District to obtain and review financial performance information of supporting organizations to determine whether these organizations should be considered a component unit for financial reporting purposes.

In order to meet this critical requirement, it is important that supporting organizations submit the required financial information in a timely manner. Please work with the bookkeeper at your affiliated campus to submit this information. They will forward it to the Business Services Department.

Attached is a confirmation statement which should be submitted along with your financial information. Also attached is a worksheet of the requested information, including a breakdown of deposits and payments. If you already have an automated program, such as QuickBooks, 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 31 (or end of the school year). Please submit this information, along with the confirmation statement to the campus bookkeeper by September 15.

Please retain a copy of the information for the incoming booster club members.

Should you have any questions or concerns, please contact us at 214-780-3020.

Exhibit B: Confirmation Statement

**HPISD Supporting Organizations
Confirmation of Financial Information
School Year 20xx-20xx**

Name of Organization: _____

Campus Affiliation: _____

Accounting Period: _____

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 entity, the District is requesting this financial information in order to comply with GASB Statement No. 39 of the Governmental Accounting Standards Board.

President's Printed Name

Treasurer's Printed Name

President's Signature

Treasurer's Signature

Date

Date

Exhibit C: Financial Report

**HPISD Supporting Organizations
Annual Financial Report
School Year 20xx-20xx**

Beginning Cash Balance as of _____		A	\$ _____
<u>Deposits</u>			
Fundraising Activities	\$ _____		
Team Collections	_____		
Membership Dues	_____		
Bank Interest	_____		
Other Deposits	_____		
_____	_____		
_____	_____		
Total Deposits		B	_____
<u>Payments</u>			
Fundraising Products/Costs	\$ _____		
Miscellaneous Supplies	_____		
Donations to District/Athletics	_____		
Bank Charges	_____		
Other Payments	_____		
_____	_____		
_____	_____		
Total Payments		C	_____
Net Increase (Decrease) for Current Year	(B-C=D)	D	_____
Ending Cash Balance as of _____	(A+D=E)	E	\$ _____

	<u>Description</u>	<u>Value at End of School Yr</u>
Do you have any noncash assets?	_____	\$ _____
	_____	\$ _____
	_____	\$ _____
Do you have any liabilities?	_____	\$ _____
	_____	\$ _____
	_____	\$ _____

Exhibit D: Booster Club Suggested Audit Program (for Audit Committee)

Booster Club 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.