

SWISD BOOSTER CLUB MANUAL

Revised

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Southwest ISD Booster Club Guidance Manual

FOREWORD

This manual is designed to **assist** Booster Club officers and members by providing organizational and financial guidance. Booster Club are separate entities from the school district. Only approved organizations, operating under these Booster Club guidelines and Southwest School District (SWISD) policies and procedures, shall be allowed to use the school name and/or facilities in support of its programs. Booster Club must be approved by the Principal and specific questions regarding booster activity should be addressed to the campus principal.

SWISD defines a Booster Club as a school district approved club formed by parents and other interested non-student adults to work for the best interest and in a manner conducive to the enhancement of educational programs of the District.

NOTE: The Employer Identification Number (EIN) for Southwest ISD is not to be used by any Booster Club/PTA for any purpose whatsoever.

ESTABLISHMENT AND ORGANIZATION

At the activation meetings of interested adults who want to establish a Booster Club, the determination of the purpose and goals of the club consistent with and enhancing the education programs of the school district must be established.

A constitution or bylaws which will govern the organization must be established and must have as a minimum:

1. The establishment of the criteria and definition of membership in the Booster Club as one comprising parents and **other non-student adults** who are interested in enhancing the District's educational programs;
2. A good standing clause stating that only active members in good standing shall be permitted to hold office or vote upon any matter of business of the organization;
3. The fiscal year dates in which the Booster Club will operate;
4. An organizational structure and the method used to elect officers;
5. Term limits – two 1-year consecutive term maximum that members may serve in roles as the President or Treasurer;

6. Include 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;
7. The process for the preparation and member approval of an operating budget identifying fund raising projects and the purposes for which the funds are being raised;
8. The identification of official records to be established and maintained by the elected officials of the Booster Club.
9. Provisions for the appointment for the following committees:
 - a. AD HOC COMMITTEES – Special committees 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. Ad Hoc 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.
 - b. 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.
 - c. AUDIT COMMITTEE – At the end of the fiscal year, an audit of the booster club's financial records shall 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 three individuals; however, if the membership size does not allow, the audit may be performed by two individuals. The primary objectives of the audit are to:
 - i. Verify the accuracy of the Treasurer's financial reports;
 - ii. Ensure that the club's cash balances are accurate;
 - iii. Determine that established procedures for handling booster funds have been followed;

- iv. Ensure that expenditures occurred in a manner consistent with the organization's bylaws;
- v. Ensure that all revenues have been appropriately received and recorded;
- vi. 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. Suggested audit procedures are included in Appendix A of this document. Copies of final audit reports should be submitted to the Campus Principal and the Assistant Superintendent for Business and Finance by July 31 of each year in conjunction with the financial information requirements for GASB 39.

10. The appointment and/or election of a slate of officers, to include, as a minimum, President, Vice President, Secretary, Treasurer, and Parliamentarian. The election of officers of the organization must 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 July 1st of each year.

Officers may be elected in a variety of methods (simple majority, secret ballot) in accordance with the organization's bylaws. The election of officers should be from a slate of officers presented by 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. Refer to the beginning of the Establishment and Organization section for specifics on maximum terms and limited family members in officer roles.

- a. **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:
 - i. Preside at all meetings of the organization;
 - ii. Regularly meet with the designated campus representative regarding booster activities (regularly is defined as monthly at a minimum);
 - iii. Resolve problems in the membership;
 - iv. Regularly meet with the treasurer of the organization to review the organization's financial position;
 - v. Schedule an annual audit of records or request an audit if the need should arise during the year;

- vi. Perform any other specific duties as outlined in the bylaws of the organization.
- b. 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:
- i. Preside at meetings in the absence or inability of the president to serve;
 - ii. Perform administrative functions delegated by the president;
 - iii. Perform other specific duties as outlined in the bylaws of the organization.

Note: Larger 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.

- c. 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:
- i. Report on any recommendations made by the executive board of the booster organization if such a governing board is defined by the bylaws;
 - ii. Maintain the records of the minutes, approved bylaws and any standing committee rules, current membership and committee listing;
 - iii. Record all business transacted at each meeting of the association as well as meetings of any executive board meetings in a prescribed format;
 - iv. Maintain records of attendance of each member;
 - v. Conduct and report on all correspondence on behalf of the organization;
 - vi. Other specific duties as outlined in the bylaws of the organization.
- d. 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. All persons authorized to handle funds of the association should be covered by a fidelity bond in an amount based upon the organization’s annual income and determined by the executive board. The major duties include, but are not limited to, the following:
- i. Serve as chairperson of the Budget and Finance Committee if prescribed within the bylaws of the organization;

- ii. Issue a receipt for all monies received and deposit said amounts on a weekly basis (daily if receipts on hand exceed \$ 250.00);
- iii. 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 within a reasonable timeframe, if requested.
- iv. File current financial reports at the end of each semester (December and June) with the campus principal/campus bookkeeper and the Director of Financial Services in Administration;
- v. Maintain an accurate and detailed account of all monies received and disbursed;
- vi. Reconcile all bank statements as received and resolve any discrepancies with the bank immediately;
- vii. File sales tax reports as required by the comptroller's office (monthly, quarterly, or annually);
- viii. File annual IRS form(s) in a timely manner;
- ix. Submit records to audit committee appointed by the organization upon request or at the end of the year;
- x. Other specific duties as outlined in the bylaws of the organization.

e. 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 the most recent version of Roberts Rules of Order should be maintained by the organization and referenced as needed.

11. Sponsor Clause – the sponsor of the organization or administrators on their own campus shall not be a member, hold office, or have voting privileges on the executive board; however, the coach/sponsor will work closely with the Booster Club/PTA to facilitate planning and communication.

12. 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.

13. 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 shall be held in the presence of the club sponsor or designee. Business determined at meetings without adequate campus representation shall be considered null and void. If a booster organization feels it is necessary to meet without a sponsor, the Campus Principal should be contacted for an acceptable replacement.
14. 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 10 years for audit purposes.
15. The process for the annual registration of Booster Club/PTA officers with the campus principal.

Copies of the organization's bylaws must be submitted to the campus principal and SWISD'S Assistant Superintendent for Business and Finance.

FINANCIAL REQUIREMENTS

Annual budgets must be formulated and approved by the membership, setting forth the fund raising projects and the purpose for which the funds will be expended. Without an approved budget there is no authorization to expend funds or to conduct fund-raisers. When there are additional expenses or changes to expenditures or income, the budget must be amended by a vote at any regular meeting of the membership. Any time budgeted items do not have sufficient funds allotted in that line item to cover expenses or new projects are planned, the budget has to be amended. This is also true of the income items.

Governmental Accounting Standard #39 (GASB 39) requires school districts to determine if any legally separate, tax-exempt related organizations, such as Booster Clubs/PTAs, provide material resources that are determined to be material to a school district's financial statements. Booster Club/PTAs whose spends on behalf of students, teachers or other personnel are determined to be material with respect to a district's financial statements will be audited annually. The audited information will be presented in the annual financial report of a school district.

Booster clubs should seriously consider the purchase of liability insurance to protect the organization and its members. Coverages 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.

Internal Controls – The following is a summary of internal controls necessary to prevent the loss of funds through carelessness, mistakes, or misappropriation.

1. Controls over Bank Accounts

- a. Booster organizations are required to establish a checking account at a bank or credit union. Accounts shall be established with at least **two** individuals on the signature card. Checks must require the signature and authorization of two club officers.
- b. An individual other than the treasurer shall review the bank statement and its contents for reasonableness and compliance with Treasurer reports, the budget, and the ongoing business of the organization.
- c. Bank statements shall 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. After 30 days, the financial institution is no longer liable for errors.
- d. A second officer, not involved in the financial aspects, shall review and sign off on the completed bank reconciliation. This review should include specific attention to outstanding or reconciling items.

2. Controls over Cash and Receipts

- a. All cash collections received by the booster organization for fees, dues, fundraising, etc. must be deposited upon receipt. Deposits shall be made daily if the total receipts on hand exceed \$250. If daily receipts are less than \$250, deposits shall be made within one week even if the receipts for all days combined are less than \$250. All money must be deposited prior to holidays and weekends.
- b. Funds must be supported by some type of record documenting the source and amount of funds (tabulation of monies collected form, cash receipt form, ticket sales record, etc.). Documentation shall be readily available for audit purposes.
- c. Cash should be adequately safeguarded at all times.

- d. *At no time should booster club funds collected be maintained at a member's home. Every effort should be made to balance funds collected the day of the event, prepare appropriate deposit documentation and submit to a bank of bank night drop for deposit and safekeeping. Money from concession sales should be handled in the same manner.*

3. Controls over Disbursements

- a. Prior to beginning a fundraising campaign, the booster club must complete a fundraiser application and submit to the campus principal for review. This provides the campus with knowledge of the activities on the campus and helps to avoid the duplication of similar fundraising campaigns during the same period.
- b. Checks should not be generated without proper documentation (i.e. invoice, original receipts, etc.). Documentation should also include the signature of the President or Vice President.
- c. Checks should require the signature of a second officer.
- d. Blank checks should not be issued. Actual receipts should be requested and a reimbursement be processed.
- e. To ensure compliance with UIL guidelines governing athletic activities, all disbursements relating to athletic booster club activity shall require the approval of the Athletic Director.

4. Budgetary & Oversight Controls

- a. 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.
- b. At each meeting, the Treasurer shall provide a written financial report which should include the bank account balance and the receipt & disbursement activity since the last meeting. The financial report should also include a comparison of budgeted versus actual receipts and expenditures.
- c. At the completion of fundraisers, a financial recap should be prepared to determine the profitability of the fundraiser.
- d. 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. A copy of the signature page detailing the results of the audit should be forwarded to the Assistant Superintendent for Business and Finance. For additional

information, refer to section titled Audit Committee previously in this document.

5. Cash Receipt Procedures – Bank deposits should be prepared as follows to ensure the integrity of financial reporting:
 - a. Separate all currency and coins by denomination and carefully count and record it in the appropriate section of the bank deposit form.
 - b. A calculator tape may be run for any checks included in the deposit rather than indicating the checks individually on the deposit slip form. A copy of the tape should be retained with your copy of the deposit records.
 - c. Total the deposit slip.
 - d. Tally the pre-numbered cash receipts and make certain that this total matches the deposit total.
 - e. Attach the cash receipt verification with a copy of the deposit slip and file in date order.
 - f. For large deposits, have another individual independently count the currency only (not the coins or checks) and verify that the currency has been correctly recorded on the deposit slip.
 - g. Both individuals should initial next to the currency amount on the deposit slip.
 - h. 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.
6. 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:
 - a. Bank reconciliation form
 - b. Prior month's bank reconciliation
 - c. Bank statement
 - d. Check Register and/or Cash Disbursements Journal
 - e. Cash Receipts Journal

f. General Ledger

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

- g. Indicate the ending balance per the bank statement.
- h. Check off outstanding checks from prior month's bank reconciliation using the bank statement.
- i. Determine the outstanding checks by comparing the Check Register to the bank statement, including any remaining checks from the previous month.
- j. Determine the deposits in transit by comparing the Cash Receipts Journal to the bank statement.
- k. 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 grouped together under Other Adjustments.
- l. Total all items and enter the amount on the Adjusted Bank Balance line.

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

- m. Indicate cash account ending balance from the general ledger.
- n. Compare the bank statement to the Check Register and list any cleared checks that were not posted.
- o. Indicate any outstanding returned checks.
- p. Indicate the interest earned per the bank statement. This amount should be immediately posted.
- q. Identify any items that need to be corrected on the General Ledger (such as immaterial encoding errors) under Other Adjustments.
- r. Total all items and enter the amount on the Adjusted Cash Balance line.

Compare the adjusted bank balance to the adjusted cash balance to make sure 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.

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

FUNDRAISING

Booster clubs are created by parents to provide support for school programs. As such, fundraising efforts should be planned and carried out by the parents, not students.

In order to obtain the best pricing available, booster organizations are encouraged to obtain three written quotes prior to making large purchases.

1. Individual Accounts – The creation of “individual” student accounts based on a parent’s participation in fundraising events jeopardizes an organization’s tax-exempt status with the Internal Revenue Service as tax-exempt organizations must benefit a group as a whole instead of benefiting individual members of a group. Booster clubs may not maintain individual accounts that are earmarked for a particular individual.
2. Fundraising Participation and Quotas – Booster clubs cannot require a member to participate in fund-raising activities. Coupled with this, 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.
3. Raffles – Raffles are regulated by the [Charitable Raffle Enabling Act](#) . Booster clubs which have existed at least three preceding years to the raffle are permitted to hold raffles provided the booster club is exempt from federal income tax under Section 501(c), Internal Revenue Code; 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. Additional information can be found at the State of Texas Attorney General’s website, www.oag.state.tx.us/consumer/raffle.shtml or by calling (800) 621-0508. General restrictions include:
 - a. Each booster organization may hold no more than two raffles per year and only one at a time;
 - b. Only members of the booster organization may sell the tickets (students may not sell raffle tickets);
 - c. The winner must pay income tax on any prize. If the value exceeds \$600, the booster organization must provide an IRS form 1099 to the recipient;
 - d. Phone solicitation may not be used to promote the event.
4. Bingo – A booster organization should consider all applicable regulations for bingo. Detailed rules may be obtained from the Texas Lottery Commission by requesting a copy of the Bingo Enabling Act, the Charitable Bingo Administrative Rules and Bingo Operations Manual by calling 1-800-BINGO77

(1-800-246-4677). A Charitable Bingo may not be advertised prior to actually receiving a license.

GIFTS

Title IX is a federal law enacted in 1972 which protects individuals in education programs or activities from discrimination based on sex. It states that “No person in the United States shall on the basis of sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any educational program or activity receiving federal financial assistance.” Title IX does not require that each program receive exactly the same services and supplies, but rather that the male and female programs, collectively, receive comparable levels of service, facilities, supplies, etc. Since Booster Club funding and activities are included in the analysis of the District’s compliance with Title IX, Booster Clubs should have an awareness of the law and the District’s requirement for compliance.

Donations to the District shall become the sole property of the District and not of the accepting organization. Gifts to schools may be in the form of cash with a request that the gift be used to purchase specific item(s) or to provide funds for a definite purpose, however, SWISD reserves the right to use gifts in any manner SWISD sees fit. Personal property purchases, except those specifically identified as property of Booster Club, placed in, on, or around the school will be considered as a gift to the school and District. Personal property includes, but is not limited to, any item or thing that may be moved from one location to another or is consumable and does not include real property, such as land, buildings, and repair or renovation to any building. The term personal property also includes related classes or types of items, or consumable supplies, such as athletic supplies, automotive supplies, office supplies, cafeteria-equipment, cafeteria commodities, gasoline, books, instructional supplies, insurance, and so forth. Gifts and donations \$1,000 or greater require the gift and/or donation be reported to the Board of Trustees. A Contribution Acknowledgment form must be completed before gift is made.

Gifts to Employees and Students:

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

OTHER REQUIREMENTS

The campus principal must approve on-campus activities, including meeting times, place, dates, fundraisers and activities. Such activities cannot conflict with school schedules or activities, district policies or financial procedures, and must be in accordance with Texas

Education Agency (TEA) and University Interscholastic League (UIL) guidelines. These will take precedence over Booster Club activities.

Failure to follow policies and procedures of the District may result in refusal by the campus principal to allow related activities on the campus.

All meetings shall be public and announced in advance in accordance with the bylaws.

Any action taken at the meeting will be subject to review and revocation of the sponsor or principal.

The Booster Club must not be used to attempt to influence the sponsor, principal or other administrator's decisions or be a lobbying group concerning matters which are duties assigned to district personnel, such as trips, staffing, and schedules.

There will be no student activities, parties, meetings, travel, or other gathering in the name of the school organization or booster organization unless prior permission has been received from the sponsor and the principal or the sponsor is present. All activities will be under the auspices of the school and the District.

School employee and student planning and preparation for activities supported by the booster organization will occur outside the school day or as approved by the principal.

No cash will be given to any school employee to use at his or her discretion.

The purchase or consumption of alcoholic beverages while on school property or in the presence of students is specifically prohibited.

Organizations shall not directly support political activities by providing campaign donations or placing advertisements in support of a particular candidate as doing so could jeopardize the tax-exempt status of the organization. If a candidate running for office is invited to join a meeting, all candidates running for the office must be extended an invitation to the event.

Funds raised by Booster Club are expected to be used to benefit the students who participated in the school organization that year.

Booster Club members, parents, etc. are expected to follow the same standards of conduct as District employees when chaperoning, sponsoring, or attending student activities. These standards and rules of conduct may be found in the campus handbook.

On a yearly basis, at the beginning of each fiscal year, the Booster Club will submit:

1. Booster Club Statement of Purpose
2. Booster Club Budget
3. Booster Club Annual Report
4. Booster Club Audit Report

TAX INFORMATION

A non-profit organization is created by filing articles of incorporation with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. A non-profit corporation is characterized by the fact that none of the income of the organization is distributable to members, directors, or officers. The completion of Form 202 – Articles of Incorporation Pursuant to Article 3.02 Texas Non-Profit Corporation Act meets all six required articles for incorporation. The form is available on the Secretary of State's website, [Business and Nonprofit Forms](#). Upon acceptance, a certificate of incorporation will be issued which serves as conclusive evidence of corporate existence. The Secretary of State's Office charges a \$25 (subject to change) processing fee when the form is filed. (http://www.sos.state.tx.us/corp/forms_boc.shtml)

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 letter granting tax exemption. Further information may be obtained on the Comptroller's web site at <http://www.window.state.tx.us/taxinfo/exempt/>

Formation of a non-profit corporation does not necessarily entitle the organization to exemption from federal taxes. In order to be exempt from federal taxes, the Booster Club/PTA must apply for this status on Form 1023 – Application for Recognition of Exemption Under Section 501(c)3. General instructions on the rules and procedures can be found in Internal Revenue Service (IRS) Publication 557 – How to Apply for Recognition of Exemption for an Organization. These documents are available on the IRS website, [Publication 557 \(10/2011\), Tax-Exempt Status for Your Organization](#). The application must be accompanied by Form 8718, User Fee for Exempt Organization Determination Letter Request, which provides a user fee, either \$400 or \$850 – depending on the anticipated annual gross receipts, to be paid to the IRS. (<http://www.irs.gov/publications/p557/ch03.html>)

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 the letter 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 bookkeeper.

Each organization must also file for an employer identification number on Form SS-4, Application for Employer Identification Number. It is possible to apply for an employer identification number using the telephone by dialing (800) 829-4933. The employer identification number will be issued immediately by the Internal Revenue Service during the call process. (<http://www.irs.gov/pub/irs-pdf/fss4.pdf>)

IRS ANNUAL FILING REQUIREMENTS

Every booster organization exempt from federal income tax under section 501(a) is required to determine the necessity of filing an annual Form 990, Return of Organization

Exempt from Income Tax. If the organization does not have gross receipts during a year totaling more than \$50,000 (\$25,000 for tax years ending before December 31, 2010), the organization is eligible to file an [annual electronic notice](#) Form 990-N instead of an annual information return, unless it received a letter from the IRS requesting submission. Even though booster organizations are recognized as tax exempt, they may be liable for tax on the portion of income deemed to be unrelated business income (“UBI”). UBI is income from a trade or business activity, regularly carried on that is not substantially related to the charitable, education or other purposes that are the basis for the organization’s exemption. Additional information may be found on the IRS’ website - [Annual Exempt Organization Return: Who Must File](#).

TAXABLE STATUS OF PURCHASES

The District’s exemption status may not be utilized by parent, booster, patron, or alumni organizations to secure exemption from sales and excise taxes. Booster Club must apply for their own exemption.

Items which become the personal property of the student (cheerleader uniforms, band t-shirts, etc.), even though connected with a school or organization, are not exempt from tax. Items which are purchased by the organization through budgeted funds as an award to a student are not taxable. 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 booster organization must pay for the meals with a Booster Club 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.

SALES TAX

Booster organizations, who have applied for exemption, are exempt from sales tax when making purchases if Articles of Incorporation have been filed and tax exemption status has been granted. However, when making sales, sales tax must be collected. For purposes of sales tax, a calendar year is considered the reporting year (January 1 – December 31). Sales tax should be filed in accordance with the Comptroller’s guideline. Further information can be found on the Comptroller’s website, www.window.state.tx.us

COLLECTION AND REMITTANCE OF SALES TAXES

The booster organization shall collect sales tax on all taxable sales. When imposing sales tax, the organization has the option of:

1. Adding the tax to the item’s selling price - thus, if the selling price of an item were \$2.00 and the tax rate were 7.25%, the school would collect \$2.15 ($\2.00×1.0725) from the buyer for each item sold.
2. Absorbing the tax in the item’s selling price - thus if the item sold for \$2.00 including tax, the school would retain \$1.86 and remit \$0.14 for sales tax. If this method is used, divide the total sales by 1.0725 (assuming a tax rate of 7.25%) to find the taxable sales. To determine the sales tax amount, subtract the taxable sales from the gross sales.

School and school related organizations need not collect sales tax on the following:

1. Admission tickets;
2. Club memberships; and,
3. Food and drinks sold at school functions;

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

1. Items sold by the school store (i.e. pencils, erasers, paper, etc.);
2. Any type of booster club materials;
3. Any other item sold as personal property (i.e. school pictures, uniforms, sweaters, etc.);
4. All sales of items such as handicrafts, T-shirts, candles, cups, books, and school supplies sold by a school associated organization during a fundraising drive;
5. All other personal property except for those items specifically excluded above.

APPENDIX A

Booster Club Suggested Audit Program

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.

FORMS

**Southwest Independent School District
Booster Club Statement of Purpose**

School Year _____

Campus _____

Booster Club Name _____

President _____ Phone Number _____
Address _____ Email address _____

Vice President _____ Phone Number _____
Address _____ Email address _____

Treasurer _____ Phone Number _____
Address _____ Email address _____

Other Officers _____ Phone Number _____
Address _____ Email address _____

Other Officers _____ Phone Number _____
Address _____ Email address _____

Other Officers _____ Phone Number _____
Address _____ Email address _____

Other Officers _____ Phone Number _____
Address _____ Email address _____

Sponsor _____ Phone Number _____
Address _____ Email address _____

Objectives of the Club and a brief statement as to how obtaining the objectives will have a positive effect on the educational programs of the District:

Approval by: _____ Date _____
(Principal's signature)

Distribution: Campus Principal, Membership, and SWISD'S Assistant Superintendent for Business and Finance

**Southwest Independent School District
Booster Club Budget**

School Year _____

Campus _____

Booster Club Name _____

Receipts:

Dues \$ _____

Sales (Fund Raisers) \$ _____

Donations (Cash) \$ _____

Ads \$ _____

Other \$ _____

Total Receipts:	\$ _____
------------------------	-----------------

Expenses:

Contracted Services \$ _____

Travel \$ _____

Fees \$ _____

Purchases:

Equipment \$ _____

Concessions \$ _____

Fund Raising Items \$ _____

Other \$ _____

Total Expenses:	\$ _____
------------------------	-----------------

Submitted by: _____, President or Treasurer

Received by: _____, Sponsor

Approved by: _____, Campus Principal

Date: _____

Distribution: Campus Principal, Membership and SWISD'S Assistant Superintendent for Business and Finance.

**Southwest Independent School District
Booster Club Annual Report**

School Year _____

Campus _____

Booster Club Name _____

President _____ Phone Number _____

Address _____ Email address _____

1. Objectives and activities completed by the Club:

2. Money in account at the beginning of the school year: \$ _____

3. Money raised during the school year:

A. _____ \$ _____

B. _____ \$ _____

C. _____ \$ _____

D. _____ \$ _____

E. _____ \$ _____

Total revenue for the school year: \$ _____

4. Activities, equipment, materials, services, etc purchased:

A. _____ \$ _____

B. _____ \$ _____

C. _____ \$ _____

D. _____ \$ _____

E. _____ \$ _____

Total expenditures for the school year \$ _____

5. Money in account at end of school year: \$ _____

Preparer's Signature

Date

Distribution: Campus Principal, Membership, and SWISD'S Assistant Superintendent for Business and Finance.

**Southwest Independent School District
Booster Club Audit Report**

School Year _____

Campus _____

Booster Club Name _____

The Audit Committee members named below have reviewed the financial reports and related financial activity for the time period of _____ through _____, in detail. These members agree that the Financial Report and the related financial activity are (check one):

- proper and correct
- correct with the following exceptions listed below
- incorrect and/or incomplete.

- 1)
- 2)
- 3)
- 4)
- 5)
- 6)

To prevent the above exceptions from occurring in the future, the following steps should be taken: (list actions)

- 1)
- 2)
- 3)
- 4)
- 5)
- 6)

Balance on Hand (date of last audit) \$ _____

Receipts
(from last audit to date of current audit) \$ _____

Disbursements
(from last audit to date of current audit) \$ _____

Balance on Hand (date of audit) \$ _____

Name of External Audit Firm if used _____

**Southwest Independent School District
Booster Club Audit Report**

_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ Date

Distribution: Campus Principal, Membership, and SWISD's Assistant Superintendent for Business and Finance

Southwest Independent School District Contribution Acknowledgement Form

The Southwest Independent School District is a public school district and is a political subdivision of the State of Texas. The District is not a tax-exempt entity under the Internal Revenue Service (IRS) Code Section 501(c)(3). However, the District is considered a tax-exempt organization that may receive charitable contributions according to the IRS Code Section 170(c)(1). This section states that a charitable contribution means a contribution or gift to or for the use of:

“A State, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, but only if the contribution or gift is made for exclusively public purposes.”

The District may receive charitable contributions if they are for public purposes, such as benefiting a group and not an individual. Contributions may be made to the District, District schools, District departments, or various District groups and clubs. These charitable contributions are deductible by the contributor on their tax return. The federal identification number of the Southwest Independent School District is #74-1461322.

Please note, contribution made to various parent or community organizations, such as PTAs and Booster Club/PTAs, are not contributions to the District. Since these organizations are separate entities from the District, the District’s tax-exempt status does not apply to these organizations. These organizations must apply for their tax-exempt status under IRS Code Section 501(c)(3). Evidence of their tax-exempt status would be a Determination Letter from the IRS. When a PTA or Booster Club/PTA donates monetary or non-monetary items to the District, then the donation is considered a contribution to the District.

Southwest Independent School District greatly appreciates the support of:

Name of Contributor (Company or Person) _____

Address _____

Contact Name / Phone Number _____ / _____

through the contribution of:

Approvals:

_____ / _____ / _____
Title of District Employee School or Location / Department Date

_____, Reported to the Board of Trustees (if over \$1,000)

Any donation that is \$1,000 or greater must be reported to the Board of Trustees.

**Southwest Independent School District
Booster Club Fundraising Application**

School: _____ Beginning Sale Date: _____

Club: _____ Ending Sale Date: _____

NOTE: DOOR TO DOOR SOLICITATION IS NOT ALLOWED BY SWISD CLUBS/ORGANIZATIONS.

For what purpose(s) will the proceeds be used?

Description of Fundraising Project:

Price(s) to be charged per item: \$ _____ Cost per item: \$ _____

Total amount earned from fundraising during this school year (excluding this fundraiser)
\$ _____

Enter the number of fundraising activities this school year for this organization or club:

How will unsold items be handled?

EXPECTED INCOME (Product Sales or Sale of Services)

Estimated number of items to be sold _____(1)

Price to be charged for each item _____(2)

Estimated gross receipts (#1 x #2) _____(3)

Cost of items to be sold (per item) _____(4)

Total cost of items (#1 x #4) _____(5)

Sales tax (#3 x tax rate) _____(6)

Other expenses anticipated (advertising, printing, etc.) _____(7)

Estimated profit (#3 - #5 - #6 - #7) _____(8)

Signature of Sponsor

Date

Signature of Sponsor

Date

Signature of Vice President or Treasurer Date

Approved by Principal Date

Date Application Received

Distribution: Campus Principal, Membership, and SWISD's Assistant Superintendent for Business and Finance

Southwest Independent School District Booster Club Financial Controls Checklist

Bank Accounts		
Control	Rationale for Control	Control in Practice
<input type="checkbox"/> Checking Account	Safeguard for proper disbursements of funds	Establish a checking account with at least two individuals on signature card
<input type="checkbox"/> Bank Statement Review Second Officer Review (officer that is not involved in the financial aspects)	Reasonableness and compliance with treasurer reports and budget	Review: front/back of cleared checks, ensure # of checks match statement, compare disbursements to budget, evaluate deposits for completeness, sign off on completed reconciliation
<input type="checkbox"/> Bank Reconciliation	Identify inaccurate transactions	Reconcile statement within 30 days of the Statement date and communicate with financial institution for corrections.

Budgetary and Oversight		
Control	Rationale for Control	Control in Practice
<input type="checkbox"/> Establish a budget	Goals set for receipts and disbursements	Approve at beginning of year, receipts and disbursements should be periodically compared to budget
<input type="checkbox"/> Financial Report	Receipts and disbursement activity	Comparison of budgeted and actual, Identify trends in spending and/or revenue generation, reports regularly presented to club as a whole
<input type="checkbox"/> Fiscal Year-End Audit	Assurance that financial controls and practices are complied with, reasonableness and compliance with treasurer reports and budget	Audit committee conducts audit of financial records to validate procedures and practices and ensure independent review

Cash and Receipts		
Control	Rationale for Control	Control in Practice
<input type="checkbox"/> Timely Deposits	Safeguard collected funds and maximize Interest earnings	Daily deposits if total receipts are \$250 or more, weekly deposits if all receipts combined are less than \$250
<input type="checkbox"/> Receipt Documentation	Support for funds properly received	Use of cash receipt book, tabulation of monies form, ticket sales records, etc., to provide documented audit trail to support receipt and ensure completeness of deposit
<input type="checkbox"/> Cash verification – Dual control	Accurate count of cash collected	Two individuals, in the same room, confirm accuracy of cash and check collections, procedures should take place at conclusion of fundraisers and when money changes hands

Southwest Independent School District Booster Club Financial Controls Checklist

Disbursements		
Control	Rationale for Control	Control in Practice
<input type="checkbox"/> Two Check Signers	More than one person has reviewed and Signed off on disbursement	Review of the detail and authenticity of supporting documentation, two signatures Required before check is released
<input type="checkbox"/> Disbursement	Reasonable and legitimate booster Club expense	President/VP should approve, by signature, supporting documents including invoice and receipt
<input type="checkbox"/> No Blank Check Issued	Limit check holders ability to negotiate checks	Actual invoice/receipt should be on file prior to generation of check

Fundraisers		
Control	Rationale for Control	Control in Practice
<input type="checkbox"/> Fundraisers Application	To receive approval by campus principal and central office to ensure compliance with District guidelines	Complete and submit application to campus principal to facilitate approval, fundraiser should not begin until approval has been granted

Submission of Financials		
<input type="checkbox"/> Submit proposed budget to Campus Principal, Membership, and SWISD'S Assistant Superintendent for Business and Finance by September 1 st		
<input type="checkbox"/> Submit Booster Club Annual Report to Campus Principal, Membership, and SWISD'S Assistant Superintendent for Business and Finance by July 31 st		
<input type="checkbox"/> Submit Booster Club Audit Report to Campus Principal, Membership, and SWISD'S Assistant Superintendent for Business and Finance by July 31 st		

Optional Liability Insurance		
Control	Rationale for Control	Control in Practice
<input type="checkbox"/> General Liability	Protects booster clubs/members	Purchase insurance
<input type="checkbox"/> Officers Liability	Protects officers	
<input type="checkbox"/> Business Personal Property	Protects computers, fundraising merchandise	
<input type="checkbox"/> Fidelity Coverage	Protects funds from fraud, embezzlement, Robbery, theft	Financial controls must be in place in order to qualify for fidelity coverage