



**WEST ORANGE-COVE CISD  
BOOSTER CLUB MANUAL**

The information in this manual is provided to assist Booster Clubs in following pertinent District policies and regulations, and to provide organizational suggestions for PTO/Booster clubs.

### **Reference List**

Texas State Comptroller Office of Taxability Issues	<a href="http://www.window.state.tx.us/taxinfo/exempt/index.html">www.window.state.tx.us/taxinfo/exempt/index.html</a> 1-800-252-5555
Texas State Comptroller Office of Exempt Organizations	<a href="http://www.window.state.tx.us/taxinfo/exempt">www.window.state.tx.us/taxinfo/exempt</a> 1-800-252-5555 ext. 34142
University Interscholastic League	<a href="http://www.uil.utexas.edu">www.uil.utexas.edu</a> 512-471-5883
UIL Booster Club Guidelines	<a href="http://www.uil.utexas.edu/policy/pdf/booster_guide.pdf">http://www.uil.utexas.edu/policy/pdf/booster_guide.pdf</a>
PTO Today	<a href="http://www.ptotoday.com/home">http://www.ptotoday.com/home</a>
Internal Revenue Service	<a href="http://www.irs.gov">www.irs.gov</a> 1-800-829-1040
IRS Forms & Publications	<a href="http://www.irs.gov/formspubs/index">www.irs.gov/formspubs/index</a> 1-800-829-3676
IRS Exempt Organizations	<a href="http://www.irs.gov/charities/index.html">http://www.irs.gov/charities/index.html</a> 1-877-829-5500
Texas Secretary of State	<a href="http://www.sos.state.tx.us">www.sos.state.tx.us</a> (for booster clubs which Incorporate)
Office of the Texas Attorney General	<a href="http://www.oag.state.tx.us">www.oag.state.tx.us</a> Public Information (1-800-252-8011)
WOCCISD Policy Manual	<a href="http://www.tasb.org/policy/pol/private/181906/">http://www.tasb.org/policy/pol/private/181906/</a>

# Section 1

## General Information

Parent support organizations may be formed to promote a particular school program or to complement a particular student group or activity. Because students enrich their educational experience and broaden their horizons by participating in school activities and programs, the West Orange-Cove CISD greatly appreciates the time, effort and financial support that PTO/Booster clubs provide to our students.

Because the primary purpose of PTO/Booster clubs is to support students, the District has some latitude over PTO/Booster club activities. Although PTO/Booster clubs work closely with the District, PTO/Booster clubs are still legally separate entities from the District. The formation of a PTO/Booster club must be approved by the appropriate District Principal or administrator, and each PTO/Booster club must abide by all West Orange-Cove CISD policies and procedures, the University Interscholastic League Constitution, rules and regulations, and state and federal laws which relate to PTO/Booster organizations.

The Superintendent of West Orange-Cove CISD is the individual responsible for the District's educational program, including curricular, co-curricular and extracurricular activities. The Superintendent is solely responsible for the participation of the West Orange-Cove CISD in the entire University Interscholastic League program. All activities, events and personnel are under the jurisdiction of the Superintendent, and it is important that PTO/Booster clubs recognize the Superintendent's authority and work within the framework prescribed by the school administration.

Each campus Principal is directly responsible for all fundraising activities carried on at the campus or sponsored by or on behalf of his/her campus/school or the school children. Parent/teacher committees and faculty/student committees must work in full cooperation with the Principal and under his/her supervision in planning special programs and activities, and in conducting any activity which involves the raising of money. Long range planning of fundraising activities is necessary so that they are spread as evenly as possible throughout the school year.

Under the supervision of the Principal, the Sponsor of a student group serves as the liaison between the PTO/Booster Club and the District. The Sponsor, with the approval of the Principal, is responsible for determining the various activities and trips in which the student group will participate.

The PTO/Booster Club is responsible for supporting a student group, activity, or program, whether it be providing fan support at games or events or whether it be raising money for an out-of-state competition. The PTO/Booster Club works through the Sponsor to provide assistance for the planned activities of the student group. Although the PTO/Booster Club can decide the type and amount of assistance the members will provide to a student group, the PTO/Booster Club does not have the authority to decide the activities or trips in which the student group will participate. While parents and the PTO/Booster Club may suggest particular activities, the Sponsor makes the final decision.

**All campus booster organizations must follow the University Interscholastic League Booster Club Guidelines, which are located at [http://www.uil.utexas.edu/policy/pdf/booster\\_guide.pdf](http://www.uil.utexas.edu/policy/pdf/booster_guide.pdf).** A synopsis of certain important UIL rules is set out below.

## University Interscholastic League Rules Affecting Booster Clubs

1. The Superintendent or his designee has approval authority over all PTO/Booster club activities.
2. Booster clubs do not have the authority to direct the duties of a school District employee. The scheduling of contests, rules for participation, methods of earning letters, and all other criteria dealing with interschool programs are under the jurisdiction of the local school administration.
3. Money given to a school cannot be earmarked for any particular expense. Booster clubs may make recommendations, but cash or other valuable consideration must be given to the school to use at its discretion.
4. Fundraising projects are subject to state law. Nonprofit or tax-exempt status may be obtained from the Internal Revenue Service.
5. Individuals who actively coach or direct a UIL activity should serve in an advisory capacity to the booster club only, and **should not have control or signature authority over booster club funds**. Coaches' wish lists should have received prior approval from school administration before submission to boosters.
6. Booster clubs cannot give anything to students, including awards.
7. Schools must give prior approval for any banquet or get-together given for students.
8. It is a violation of UIL rules for booster groups or individuals to directly pay for the cost of commercial transportation or out-of-town meals.
9. Parties for athletes are governed by the State Executive Committee interpretation of Section 441 of the UIL Constitution & Contest Rules, which limits what school teams and athletes can accept.
10. All booster clubs and individuals should be aware of the Amateur Rule and the seriousness of violating the rule. The penalty to a student-athlete is forfeiture of varsity athletic eligibility in the sport for which the violation occurred for one calendar year from the date of the violation. Student athletes are prohibited from accepting valuable consideration for participation in school athletics—anything that is not given or offered to the entire student body on the same basis that it is given or offered to an athlete. Valuable consideration is defined as tangible or intangible property or service including anything that is usable, wearable, salable or consummable.

### Booster Club Organization

Each booster club must develop and maintain bylaws that are jointly reviewed by the Booster Club officers on an annual basis. The bylaws should set out the details of the rules of membership and should outline the organization's structure, fiscal year and method used to elect officers. Only active members in good standing can be permitted to hold office or vote upon business of the organization.

No District employee, substitute or temporary worker can serve the booster organization in a financial capacity or be an authorized signer of the bank accounts of a Parent-Teacher Organization or Booster Club. The term "financial capacity" includes holding positions of treasurer, fundraising chairperson, or serving as an authorized signer of checks or debits. No Principal, Principal's secretary, business or athletic office secretary, designated faculty sponsor or other District employee who serves as a liaison between the parent booster organization and the District may be approved as a signer on the bank accounts of a Booster Club.

The election of officers occurs annually within the timelines and according to the manner outlined in the Booster Club bylaws. The election of officers should occur by May of each year, so that the newly

elected officers will be in place at the beginning of the new school year. The transfer of records and audit of the organization's accounts should be completed no later than August 1 each year.

The secretary is responsible for keeping minutes of the meetings and reporting to the membership. The treasurer is the authorized custodian of the funds of the Booster Club organization, and is responsible for receiving and disbursing all monies of the organization. The treasurer's duties include:

- ◆ Issuing a receipt for all monies received;
- ◆ Depositing all monies in the organization's account in a timely manner;
- ◆ Presenting a current financial report, including bank statements, bank reconciliations and financial statements to the organization's officers within 30 days of the previous month's end;
- ◆ Filing a current financial report at the end of each semester with the campus Principal and the District's Director of Finance Operations;
- ◆ Maintaining an accurate and detailed account of all monies received and disbursed;
- ◆ Filing sales tax reports as required by the State Comptroller's Office;
- ◆ Filing annual Internal Revenue Service Form 990, if needed, in a timely manner;
- ◆ Submitting records to the auditor appointed by the organization upon request or at the end of the year.

The secretary and the treasurer should transfer all records related to the organization to the new slate of officers within 30 days of election. Records must be kept for at least five years for audit purposes.

### **Booster Club Do's and Don'ts**

#### **West Orange-Cove CISD Booster Clubs Shall:**

1. Be voluntary and support student activities of the school.
2. Comply with WOCCISD policies, UIL regulations, and federal and state tax laws affecting booster clubs.
3. Submit all scheduled activities for approval by the Principal prior to the beginning of the school year.
4. Comply with administrative regulations and board policy when donating money or gifts to the District.
5. Submit a copy of the current adopted bylaws and operating procedures to the Principal.
6. Pay all taxes and other debts incurred by the booster club.
7. Provide evidence of adequate insurance coverage for all activities conducted on school premises. The District cannot provide liability insurance coverage for the booster club.
8. Assume liability for personal injuries or property damage arising from their activities. The booster club should have liability insurance.
9. Have an audit committee conduct annual audits and maintain records for a period of five years.
10. Keep minutes of each meeting on file with the Principal.
11. Keep all general club meetings accessible to the public.
12. Work in cooperation with the program sponsor/coach to develop an expenditure budget and define needs.
13. Submit a proposed budget to the Principal for approval.
14. Submit a year-end financial report to the Principal not later than August 1 of each year.
15. Donate raised funds for authorized equipment, consultant fees, travel expenses, etc. to the appropriate campus program activity account.
16. Have all fundraisers for the school year approved by the Principal no later than October 15.

### **West Orange-Cove CISD Booster Clubs Shall NOT:**

1. Use school facilities without prior written approval by the Principal.
2. Be involved in the direction of the coach/sponsor, personnel issues, scheduling a contest, rules of participation or policymaking activities for a student group or interschool program. These administrative duties are the sole responsibility of the school and District administration.
3. Have authority in directing or influencing District employees in the administration of their duties.
4. Have the sponsor as an authorized signer on the booster club bank account. Nor shall any other District employee be an authorized signer on the booster club bank account without written approval of the Superintendent.
5. Establish a "petty cash" or miscellaneous funds account for the coach or sponsor to be used at his/her discretion.
6. Give a coach or director of UIL academics, athletics and fine arts a gift or cash in excess of \$500 (the UIL limit) 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.
7. Give anything to students, including awards. Check with school administrators **first** before giving anything to a student, school, sponsor or coach.
8. Have elected or appointed officers who do not have a child actively participating in the program during the current school year.
9. Directly employ, contract, supplement or in any other way compensate a consultant, clinician, accompanist, or paraprofessional for work performed for the student activity.
10. Sign contracts or pay expenses directly from Booster Club accounts for any arrangements for student travel associated with the booster club (i.e. hotel costs, transportation, bus or airfare, fees, etc.). In lieu of this, booster clubs may donate money or merchandise to the school with prior approval of school administration.
11. Conduct excessive (more than four) fundraisers involving students. All such activities require advance approval of the designated sponsor and the Principal.
12. Use booster club funds to support any non-school activities, such as summer leagues and tournaments for athletic booster clubs.
13. Use the WOCCISD tax identification number as the booster club's tax identification number.
14. Use the WOCCISD tax exemption form when making purchases for a booster club.
15. Set up individual accounts. Individual Accounts are those accounts used by a booster club to credit an individual with revenues raised. The booster club 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. NOTE: The purpose of a tax exempt organization is to benefit an entity as a whole instead of benefitting individuals. Therefore, the use of individual accounts could result in denial of an application for tax exempt status or loss of tax exempt status from the IRS, and individual benefits would result in taxable income to the recipient.

### **Operating Procedures**

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 Principal may act in an advisory capacity only. No Principal, teacher, coach, sponsor or District employee should be an authorized signatory of a booster club's bank account.

A booster club does not have the authority to commit or represent in any way WOCISD or any campus. A booster club is responsible for any obligation incurred by the booster club whether the commitment is financial or otherwise. The school District is not responsible for any contracts or expenditures made by a booster club.

Minutes of all booster club meetings should be kept in writing in the permanent records of the booster club.

Booster clubs should seek competent tax and legal advice on their own, at their own expense, on an as-needed basis to assist and advise them on legal and tax matters.

All booster club records should be maintained sufficiently to facilitate the transfer of duties to new officers each year. Copies of financial records should be maintained in the booster club's permanent records. Many of these filings become public record when the booster club acquires tax exempt status, and such records must be maintained for public inspection. The determination letter and the application for tax exempt status are subject to the Public Information Act.

To open a bank account, the booster club must first obtain an Employer Identification Number (EIN) from the IRS. The EIN is obtained by completing the SS-4 form from the IRS, which can be filed online at [www.irs.gov](http://www.irs.gov). Keep a copy of the completed IRS Form SS-4 for the booster club's permanent records. A member's social security number should not be used as the booster club's EIN for banking or other purposes. **Booster clubs are NOT allowed to use the District's EIN.**

Booster clubs should not use the school's name alone on its checks or literature, because this might imply that the school or District is responsible for any obligations entered into by the club. A proper name on accounts and literature would be, for example, "WOS High School Band Booster Club."

Commingling of booster club funds and school activity funds is strictly prohibited. Each booster club must have its own separate bank account at a facility in proximity to the school. All funds received should be receipted and deposited within 24 hours of receipt.

It is recommended that at least two officers sign each disbursement. Both signers must be parents or guardians with children participating in the activity sponsored by the organization, and no school District employee can be the signatory on a booster club bank account.

All expenditures should be properly supported. A "check request" form should be completed for each check written and original receipts attached to the check request form.

### **Audit Committee**

Each booster club must have an audit committee perform an annual audit. The audit committee may include officers (other than the President and the Treasurer) and club members. At least half the committee must be non-officer members. The audit committee should be different people each year. The sponsor would be knowledgeable of the booster club's activities, but should not be one of the members of the audit committee.

An outside party, such as a CPA or accountant, may be used to audit the financial information rather than the audit committee. If an outside party performs the audit, his/her results should be in his/her own report format, signed and dated.

At the end of the booster club's fiscal year (commonly June 30, to coincide with the end of the school year), the booster club's financial records should be audited by the audit committee, which consists of individuals who are independent of day-to-day financial activities. The primary objectives of the audit are to:

- ◆ Verify the accuracy of the treasurer's financial reports;
- ◆ Ensure that the booster club's cash balances are accurate;
- ◆ Determine that established procedures for handling booster club funds have been followed;
- ◆ Ensure that expenditures occurred in a manner consistent with the booster club's bylaws; and
- ◆ Ensure that all revenues have been appropriately received and recorded.

Before the audit, the Treasurer should prepare a written report of revenue and expenditures (financial report) which includes the financial information for the full fiscal year for the booster club. All booster club officers shall make records available as requested by the audit committee.

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 booster club, and a resolution reached prior to presentation. The Treasurer is responsible for making any corrections to the records, checkbook, and Financial Report. If material exceptions have been noted, the audit committee should prepare recommendations to prevent future occurrences of these exceptions. The booster club President and Treasurer are responsible for acting upon recommendations made by the booster club's audit committee.

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 for at least five (5) years and should be forwarded to the new Treasurer each year.**

Submit the ORIGINAL of the booster club financial report, audit committee report and booster club financial certification to the District's Director of Finance Operations by **August 1**.



## **Other Information**

### **Raffles:**

A “raffle” is any activity that involves awarding a prize. The prize may be anything of value from a cake to a car, or it may be the purchase of a ticket in exchange for a chance to win a prize.

Booster Clubs are permitted to hold raffles within the following guidelines:

- ◆ A “qualified nonprofit organization” may hold only two raffles per (calendar) year and only one raffle at a time. (Check Section 501(c) of the Internal Revenue Code for the definition of a qualified nonprofit organization.)
- ◆ Raffle tickets may not be advertised statewide or through paid advertisements. Each raffle ticket must state the name or address of the organization holding the raffle, the name of an officer of the organization, the price of the ticket, and a general description of each prize to be awarded that has a value of over \$10.00.
- ◆ A prize may not be money.
- ◆ 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 purpose/benefit of the organization.
- ◆ All prizes advertised must be purchased before tickets are sold.
- ◆ The winner may pay income tax on a prize. If the value exceeds \$600.00, the Booster Club must provide an IRS form 1099 to the recipient.

Additional guidelines on raffles can be obtained by contacting the Attorney General's Office. (See [www.oag.state.tx.us](http://www.oag.state.tx.us))

### **Scholarships:**

- ◆ Scholarships must be awarded based on a student’s need or merit.
- ◆ The members of the committee selecting the scholarship recipients should not be related to any of the potential recipients.
- ◆ There should be some method of ensuring that the scholarship funds are used for their intended purpose by the recipients (for example, you could give the funds directly to the college or university for the student).

### **Carry-Over Money:**

- ◆ Any funds not used by the organization in a year merely carry over to begin the next year; however, all efforts should be made so that money fund-raised for students should be used for those students.
- ◆ The carry-over amount should only be enough to “begin business”.

### **Bake Sales, BBQ’s, and Food Sales:**

- ◆ High schools may not serve or provide access to competitive foods during meal periods in areas where reimbursable meals are served and/or consumed.
- ◆ All competitive foods sold or provided to students must meet the nutrition standards as set forth by the Texas Department of Agriculture.
- ◆ Please secure approval from the Sponsor and Principal before having any food sales.

### **Concession Stands and Building Use:**

Booster Clubs are one of the organizations that the school District authorizes to operate the concession stands at sporting events in order to raise funds for the organization. According to Board Policy GKD Local, District-affiliated school support or booster organizations may use District facilities only with the prior approval of the appropriate District administrator. The campus Principal is authorized to approve use of facilities on a school campus. The athletic director is authorized to approve use of District athletic facilities. The superintendent is authorized to approve use of all other District facilities. All concessions held must be in compliance with the Department of Health and local city guidelines.

**Donations Received:**

Booster Clubs may receive monetary or non-monetary contributions from individuals or businesses. Additionally, those Booster Clubs that have received a Determination Letter from the IRS granting 501 (c)(3) tax exempt status are allowed to receive tax deductible contributions. If you accept grants and donations from private companies (e.g. Invista, Kroger, Wal-Mart, or others) please be mindful that there may be specific guidelines to follow in order to accept these donations. And, even though contributions or donations received will ultimately support the student group at a school, the gift is still considered a gift to the Booster Club and not to the school or the District.

**Donations Given:**

When a Booster Club contributes directly to a student group, the Club should receive a Tax Exempt Status/Donation Acknowledgment Form from either the school or the District. A District employee should complete the form and give the original to the Booster Club for their records. An example of the form can be found in Section 7, Exhibits and Forms.

*Example:* ABC Booster Club is funding a portion of a student group's trip for a competition. The trip costs \$50,000, and the Booster Club has agreed to pay \$35,000 of the expense. Therefore, the students must pay the remaining \$15,000. The \$35,000 that the Booster Club donated is considered a contribution to that particular District student group and should be documented on the Tax Exempt Status/Donation Acknowledgment Form. The Tax Exempt Status/Donation Acknowledgment Form should be kept with the Booster Club's financial records.

# Section 2

## Operating Procedures

### Record Keeping and Administration

- ◆ When forming a new Booster Club, please complete a “Booster Club Registration” form (See Section 7, Exhibits and Forms) and submit the form to the campus Principal for approval.
- ◆ 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 Principal may act in an advisory capacity only. No Principal, teacher, coach, or sponsor can be a signatory on a private sponsored organization’s bank account. *In addition, no other employee of the District may be an authorized signer on the Booster Club’s bank account without written approval from the District.*
- ◆ A Booster Club does not have the authority to commit or to represent in any way West Orange-Cove CISD or any of its campus locations. A Booster Club is responsible for any obligation incurred by the Booster Club whether the commitment is financial or otherwise. The school District is not liable or responsible for any contracts or expenditures made by a Booster Club. **We strongly encourage any Booster Club to obtain legal assistance before authorizing or signing any agreement or contract in the Booster Club’s name.**
- ◆ Minutes of all Booster Club meetings should be kept in writing in the permanent records of the Club.
- ◆ Booster Clubs should seek competent tax and legal advice on their own and at their own expense on an as-needed basis to assist and advise them on legal and tax matters.
- ◆ District personnel will assist in whatever manner is allowable to facilitate Booster Club needs.
- ◆ All Booster Club records should be maintained in a manner to facilitate the transfer of duties to new officers each year. Copies of financial records should be maintained in the permanent records of the organization. Many of these filings become public record upon the granting of exempt status and must be maintained for public inspection. In particular, the determination letter and the application for tax-exemption are subject to open records.
- ◆ Schools are not equipped nor funded to receive, sort, safeguard, or distribute mail for all of the District’s Booster Clubs. Therefore, Booster Clubs should obtain a post office box or a private mailing box to receive official Booster Club mail. The District does not recommend using a home address since officers change frequently.
- ◆ Please understand that Booster Clubs receive important documents from various agencies including IRS, the Comptroller’s Office, the Secretary of State, and the District. So it is very important to maintain a consistent mailing address.
- ◆ To open a bank account, the Booster Club **must** first obtain an Employer Identification Number (EIN) from the IRS. **See Section 3--Federal Tax Information** for more information on obtaining an EIN. (Note: Specific steps for opening a bank account will vary by institution.)
- ◆ 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. For example, a proper name on accounts and literature would be “West Orange Stark High School Band Booster Club.”
- ◆ Commingling of Booster Club funds and school activity funds is strictly prohibited. Each Booster Club must have its own separate bank account at a facility in proximity to the school.
- ◆ 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 organization. Again, school District employees may not be the signature on Booster Club bank accounts for their own campus or programs they sponsor.
- ◆ Capital equipment purchased with Booster Club funds become the property of the school District and must be used exclusively at the school.
- ◆ School employees may **not** accept loans of funds from parents and student organizations.
- ◆ Each organization must have an audit committee perform an annual audit. See Section 6 on Audit Committee/Financial Report Instructions for audit instructions.
- ◆ All Booster Clubs need liability insurance.
- ◆ All expenditures should be properly supported. A "Check Request" form should be completed for each check written and receipts attached to the form. Proper documentation for expenditures requires original receipts and invoices that are attached to the Check Request form. Original invoices should be the only support to authorize payments or reimbursements from Booster Club Funds.
- ◆ Payment from Booster Club funds **may not** be made to employees or to other individuals for any service rendered to a school District program unless the transaction is processed through the West Orange-Cove CISD Business Office.

### Fundraising

1. All requests for fundraisers must be submitted to the Principal on the *Request for Approval of Fundraising Activity Form*. This form must be submitted for his/her approval in the spring semester of the preceding school year or no later than October 15<sup>th</sup> of the current school year. Requests from musical, athletic, agriculture, drill teams, and other similar groups must be presented to the Principal by the director or sponsor. See Section 7, Exhibits and Forms.
2. All projects that are routinely spread throughout the school year count as one activity, i.e. the sale of advertisements for football programs or the yearbook, paper drives, the sale of wearing apparel or school supplies, etc.
3. Neither a class membership fee or assessment for grades 9-12, nor the sale of food at a contest hosted by the school is considered money raising activities.
4. Students may not participate in any door-to-door sales projects without prior approval by the Principal.
5. Programs of educational value must be given preference by the Principal over activities primarily for the raising of funds.
6. No coercion should be exercised in fundraising activities and no student or teacher is required to raise any particular minimum of money or to sell any minimum number of tickets, etc. Under no circumstances should pressure be brought to bear on students through competition or by special recognition of sales.
7. Tax exempt organizations cannot (a) require a person to participate in fundraising activities or (b) require that a certain amount be raised or sold per person.
8. Paid entertainment programs cannot be held during school hours.
9. Any items sold by student or adult organization members at school activities held in West Orange-Cove CISD stadium must be spirit-related, i.e. seat cushions, cups, hats, etc. with school insignia.
10. The collection of cash register tapes or product labels or coupons redeemable for monetary value is not counted against the maximum number of money raising activities that can be conducted.

11. After each fundraiser, the Booster Club's treasurer must complete a "Fundraiser Financial Recap" form. This form should be turned into the Principal within 30 days of the date the fundraiser ended. See Section 7, Exhibits and Forms.
12. Charitable bingo games are regulated by the state and require that non-profit organizations apply for a temporary license to conduct bingo games. For more information contact the Charitable Bingo Operations Division at the Texas Lottery at 1-800-246-4677.
13. All athletic event concession sales are taxable unless the sales are part of a non-taxable fundraising event.

# Section 3

## Federal Tax Information

The purpose of this section is to provide general federal tax information to Booster Clubs. 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 (a 501(c)(3) nonprofit corporation). 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 Club organizations should strive to remain in good standing with all federal and state regulatory agencies.

### Employer Identification Number

The IRS requires all organizations (entities) that conduct business to have their own Employer Identification Number. The EIN is obtained with the SS-4 Form from the IRS, which is available on the IRS website, [www.irs.gov](http://www.irs.gov). 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 are not allowed to use the District's EIN.**

#### **To obtain an Employer Identification Number:**

- ◆ Obtain and complete IRS Form SS-4.
- ◆ Make a copy of the Club's permanent records.
- ◆ When a number is assigned to the Booster Club by the IRS, ensure that the paperwork is maintained in a permanent file from year to year.
- ◆ The IRS will assign a number over the telephone to the Booster Club. The number is 1-800-829-1040.
- ◆ The (suggested) fiscal year end for the Booster Club should be June 30<sup>th</sup>.
- ◆ There is no application fee required when filing Form SS-4.
- ◆ This EIN will be the number used to establish a bank account for the Booster Club.

Note: You can now apply for an EIN number online on the IRS website. Go to [www.irs.gov](http://www.irs.gov), and then in the "Search" field to the right, enter the words "employer identification number". You will be brought to a link that will bring you directly to the employer identification number application page. Click on "Apply Online:". You will be able to complete the application process online.

### Application for Federal Tax Exempt Status

Formation of a non-profit corporation does not necessarily entitle the organization to exemption from federal taxes. In order to be exempt from federal taxes, the Booster Club must apply for this status on Form 1023-Application for Recognition of Exemption under Section 501 (c)(3) tax exempt status, an organization may be public or private. A private 501 (c)(3) organization has additional requirements and constraints that a public 501 (c)(3) organization does not have. 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 ([www.irs.gov](http://www.irs.gov)).

When completing the Form 1023, Booster Clubs 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 30<sup>th</sup>. 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 will not be due to the IRS until November 15<sup>th</sup>; therefore, the new officers would have time to prepare it after beginning the new school year.

The application must be accompanied by Form 8718, User Fee for Exempt Organization Determination Letter Request, which provides a user fee based on gross receipts to be paid to the Internal Revenue Service.

*Annual gross receipts are the total amount of revenue collected by an organization during its reporting year from any source. Sources may include, but are not limited to, membership fees, donations, fund raising revenues, amounts collected for the payment of expenses (e.g. uniforms, trips), and any other amounts received.*

Depending on the anticipated annual gross receipts, the user fee is either \$300 or \$750. If annual gross receipts are projected in excess of \$10,000 over a 4-year period, you must submit payment of \$750. If annual receipts will not exceed \$10,000 annually over the next 4 years, submit a user fee payment in the amount of \$300. Mail package 1023, Form 8718, and a check for the filing fee to:

Internal Revenue Service  
P.O. Box 192  
Covington, KY 410112-0192

Once you submit Form 1023 to the IRS, you may receive an acknowledgment letter in approximately 10-20 business days stating that your application has been received. This letter may give you an estimated date for which some determination of your application will be made. Upon acceptance of your organization's exempt status by the Internal Revenue Service, a determination letter will be received as evidence of approval. The letter should be kept in a safe, permanent place as it will be used time and again to prove the organization's exempt status. In addition, a copy of the letter should be shared with the school's bookkeeper and the District's Director of Finance Operations.

Organizations that have gross receipts greater than \$25,000 annually must also file Form 990 or Form 990EZ (Return of Organization Exempt From Income Tax) annually. This form is due by the 15<sup>th</sup> day of the 5<sup>th</sup> month after the organization's reporting period. (Due 4 ½ months after the end of a fiscal year). Instructions for Form 990 and Form 990 EZ can be found on the IRS website at [www.irs.gov](http://www.irs.gov) under forms and publications. Note: Booster Clubs must also complete the Booster Club Financial Certification document and submit it to the District's Director of Finance Operations. See Section 6 Audit Committee/Financial Report Instructions.

Booster Clubs that have gross receipts over \$5,000 that are not exempt (they have not filed Form 1023 with the IRS) are considered taxable entities by the IRS and must file Form 1120 US Corporation Income Tax Return. Booster Clubs that collect less than \$5,000 annually in gross receipts are recognized as "exempt" organizations without completing Form 1023.

Some organizations may be affiliated with national organizations that have received exempt status 501(c)(3) or 501(c)(4) status from the IRS. A national organization that has a GEN (Group Exemption Number) can allow its subordinate members organizations to use this GEN in lieu of having each member file its own 1023. An example of a national organization that has a GEN number is the PTA.

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, [www.irs.gov](http://www.irs.gov), 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.

If you are not using a post office box, it is extremely important to notify the IRS when you have a change of address for your Booster Club. You should use IRS form 8822. Note: Instructions for completing these forms and copies of these forms can be found on the IRS website at [www.irs.gov](http://www.irs.gov) under forms and publications. The IRS main number is 1-800-829-1040, and the Tax Exempt section is 1-877-829-5500.

### **1099 Requirements**

Internal Revenue Service guidelines require that all payments for services in excess of \$600.00 that are made by an individual by a Booster organization be reported on a form 1099 on an annual basis. The Booster organization should secure an IRS form W-9 from the provider at the time of service to ensure that the organization has an accurate record of the taxpayer identification number. The organization must then issue a form 1099 to all qualifying vendors performed in the calendar year by January 31<sup>st</sup>. Required work order or sequence: An independent contractor does not need to be told in what order or how to do a job as he/she is considered an expert in the field.

The appropriate 1099 form and reporting requirements can be found on the IRS website at [www.irs.org](http://www.irs.org) under forms and publications.



# Section 4

## Sales Tax Information

### Application for State Tax Exempt Status

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>.

### Important Sales Tax Rules to Remember

Purchases by the school are tax-exempt. No tax should be charged and paid by the school. No reimbursement will be made for taxes paid from a school or a school organization. However, Booster Clubs are not tax exempt unless they have filled out the proper application forms from the Texas Comptroller of Public accounts and have been given tax-exempt status.

All Booster Clubs must apply for a sales tax permit number once they receive an EIN if they are selling items to students and/or parents. This allows Booster Clubs to purchase items without paying the tax up-front. The Booster Club gives the seller a properly completed resale certificate called "Texas Sales Tax Resale Certificate" with their sales tax permit filled in. The tax is then paid later (and remitted to the state by the Booster Club) at the time of the sale of the items to the students and/or parents.

Sales by a Booster Club are generally taxable. If you are ever in doubt about taxability, you should call the Comptroller of Public Accounts at 1-800-531-5411 or 1-800-252-5555. All Booster Clubs must apply for their own sales tax permit number. They may not use the number of another Booster Club or the number of the West Orange-Cove CISD.

### Taxable Status of Booster Club Purchases

- ◆ A Booster 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 and Booster Clubs 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.

### **Frequently Asked Sales Tax Questions**

#### **What can an exempt organization buy tax free?**

Organizations that have applied for and received a letter of exemption from sales tax don't have to pay sales and use tax when they buy, lease or rent taxable items that are necessary to the organization's exempt function. An authorized agent or employee can make a tax-free purchase for an exempt organization by giving the vendor a completed exemption certificate. No item purchased tax-free by an exempt organization can be used for the personal benefit of a private party or other individual. When buying an item to be donated to an exempt organization, an individual can give the seller an exemption certificate in lieu of paying tax. If the individual uses the item before donating it, however, the exemption is lost and tax is due.

An employee of an exempt organization cannot claim an exemption when buying taxable items of a personal nature, even if the organization gives an allowance or reimbursement for such items. For example, meals, toiletries, clothing and laundry services are for personal use and are taxable.

#### **How do I get a permit?**

You must submit a completed application for a Texas Sales and Use Tax permit to the Comptroller's Office. An application can be downloaded from the Tax Forms Online page. (See <http://www.cpa.state.tx.us/taxinfo/taxforms/00-forms.html>). You can also obtain an application by calling 1-800-252-5555.

#### **Is there a fee charged for a Texas Sales and Use Tax Permit?**

There is no fee for the Texas Sales and Use Tax permit. However, based on your application, you could be required to post a security bond.

#### **Should I notify the Comptroller's office if I change my business address or mailing address?**

Yes. They need to update their records to ensure that your tax returns are mailed to the correct address. You can make the changes in one of these ways:

- ◆ Open the link <http://www.window.state.tx.us/taxinfo/sales/index.html> and select "webchange" (towards the middle of the page).
- ◆ Use the address change block on your Texas Sales and Use Tax Return.
- ◆ Call 1-800-224-1844 to change your mailing address for sales tax.
- ◆ Email [tax.help@cpa.state.tx.us](mailto:tax.help@cpa.state.tx.us).

### **Non-Taxable Sales vs. Taxable Sales**

The following lists of items or activities 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**

Ad sales-in yearbooks, athletic programs, newspapers, posters
Admission-Athletics, dances, dance performances, drama and musical performances
Admission-Summer camps, clinics, workshops
Admission-Banquet fees, prom, homecoming
Admission-Tournament fees, academic competition fees
Cosmetology services (products sold to customers are taxable)
Deposits (lockers, etc.)
Discount/Entertainment cars and books
Facility rentals for school groups
Food items sold during fundraisers, including a PTA carnival
Labor-automotive, upholstery classes (parts are taxable)
Magazine subscriptions greater than six months
Parking permits
Services-car wash, cleaning
Student Club Memberships

**Taxable**

Agenda Books		Musical supplies-recorders, reeds
Agricultural Sales		Parts-career & technology classes (not to include products used in cosmetology)
Art-supplies and works of art		Parts-upholstery
Athletic equipment and uniforms		Pennants
Auction items sold		Pictures-school group (if school is the seller)
Band-equipment, supplies, patches, badges, uniforms		Printing fee-computer
Book covers		Rentals-equipment of any kind
Books-workbooks, vocabulary, library, author (when we are the		Rentals-towels

seller)		
Brochure items		Rentals-uniforms of any kind
Calculators		Repairs to tangible personal property (i.e. computer repair, house, remodeling)
Calendars		Rings and other school jewelry
Candles		Rummage and garage sales
Car-painting, pin striping		Safety supplies
Clothing-school, Club, class		School publications-athletic programs, posters
Computer supplies, mouse pads		School publications-brochures
Cosmetology products sold to customers		School publications-magazines (unless > six month subscription)
Cups-glass, plastic, paper		School publications-newsletters newspapers (unless printed on newsprint more than once/month & is < \$.75/copy)
Decals		School publications-reading books
Drafting-supplies		School publications-yearbooks
Family and Consumer Science-supplies and sewing kits		School store-all items (except food)
Fees-copies, printing, laminating		Science-science kits, boards, supplies
Flowers-roses, carnations, arrangements		Spirit items
Greeting cards		Stadium seats
Handicrafts		Stationery, note pads, etc. produced in the classroom or vocational class
Horticulture items		Supplies-any sold to students
Hygiene supplies		Transcripts
Identification cards-when they are sold to entire student body (not just the fine for lost cards)		Uniform-Any type sold to include PE, dance team, drill team, cheerleaders, athletic Club shirts
Locks, sales and rentals		Vending-pencils and other non-edible supplies when the school services the machine
Lumber		Wood
Magazines-subscriptions less than six months		Woodworking crafts-entire sale to include parts and labor
Magazines when sold individually		Yard signs
Merchandise, tangible personal property		

## 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 fundraising 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 Food Ruling 3.293 as well as the bulletin for Exempt Organizations 96-122 in Exhibits and Forms section. These can be located on the website <http://www.cpa.state.tx.us/taxinfo/sales/> under the "Publications" and "Rules" links.

## One Day Tax Free Sale

**Effective August 30, 1993** each school, each organization within a school (Student Council, National Honor Society, Band, Senior Class, Orchestra, etc.) each PTA, and each Booster Club can have **two (2)** one day tax free fundraisers per calendar year according to the Texas State Sales Tax Law .

**Note: Faculty organizations are not permitted to have one-day tax free sales.**

- ◆ 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.

**Please note: This information is not all-inclusive. If you have any specific questions, you should call the Texas Comptroller of Public Accounts at 1-800-531-5441.**

# Section 5

## Incorporating a Non-Profit

### Secretary of State

If your Booster Club decides to incorporate, here are some basic guidelines. 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.** 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 [www.sos.state.tx.us/corp/forms/filingguide/word/np.shtml](http://www.sos.state.tx.us/corp/forms/filingguide/word/np.shtml).

A non-profit corporation is created by filing a certificate of formation with the Texas Secretary of State in accordance with the Texas Non-Profit Corporation Act, which can be found in Chapter 22 of the Texas Business Organizations Code. "Non-profit corporation" means a corporation in which no part of the income of which is distributable to members, directors, or officers (Section 22.001, Texas Business Organizations Code).

Two copies of the signed certificate of formation should be submitted to the Secretary of State for filing. The filing fee for a non-profit corporation is \$25.00.

If the certificate of formation conforms with the law, the secretary of state will stamp the documents "filed", issue a certificate of incorporation and return the certificate and a stamped copy of the articles to the remitter if a duplicate copy of the document was provided for such purpose. The certificate of incorporation is conclusive evidence of corporate existence.

### Tax Exemption

Not all non-profit corporations are entitled to exemption from state or federal taxes. The secretary of state, however, does not make such determinations.

You should consult the Internal Revenue Service (IRS) prior to filing the articles to determine what provisions must be included in the articles for the corporation to be exempt from federal taxes. IRS Publication 557, titled "How to Apply for Recognition of Exemption for an Organization," describes the rules and procedures for non-profit organizations requesting exemption. The publication can be obtained from the IRS website, [www.irs.gov](http://www.irs.gov).

A nonprofit corporation may be exempt from the payment of state franchise taxes if its purposes fall within one of the exemptions listed in the Texas Tax Code, Chapter 171, Subchapter B. Questions on exemption procedures should be addressed to the State Comptroller at (512) 463-4600 or (800) 252-1381.

# Section 6

## Audit Committee/Financial Report Instructions

### Audit Committee General Information

Each Booster Club is required to have an audit committee conduct an annual review of the organization's revenue 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.

The audit committee should not be made up of the same people every year.

The sponsor for the Booster Club should be knowledgeable of the Club'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 Booster Club Audit Committee Report show spaces for four (4) members; however, the Club may have more or fewer committee members (at least two). 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 of 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).

### Audit Committee Instructions

The Booster Club 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 exception(s) being 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 exception(s).

If exceptions are noted during the audit, consult with the organization's Treasurer and President (if necessary) to resolve the exception(s). The Treasurer is responsible for making any corrections to the records, checkbook, and Financial Report.

If material exceptions have been noted, prepare recommendations to prevent the future occurrences of these exceptions.

The organization's Treasurer and President are responsible for acting upon recommendations made by the Booster Club Audit Committee.

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.**

Submit the **ORIGINAL** of the Booster Club's Financial Report, Audit Committee Report and Booster Club Financial Certification to the District's Director of Finance Operations at the Central Administration Building by **August 1<sup>st</sup>**. Please call the Central Administration Business Office at (409) 882-5437 if the reports will be late.



**Audit Report Type A**

**Page 1 of 1**  
(Proper and correct with no exceptions)

**Example**

**High School Booster Club  
AUDIT COMMITTEE REPORT  
FOR THE TIME PERIOD  
July 1, 2009 through June 30, 2010**

The financial data contained in the following financial statement(s) for the time period of July 1, 2009, through June 30, 2010, have been audited in detail by the Audit Committee members named below. These members agree that these financial statements are proper and correct to the best of our knowledge. No exceptions were noted during the review.

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

**Audit Report Type B**

**Page 1 of 1**

(Proper and correct with immaterial exceptions)

**EXAMPLE**

**High School Booster Club  
AUDIT COMMITTEE REPORT  
FOR THE TIME PERIOD  
July 1, 2009 through June 30, 2010**

The financial data contained in the following financial statement(s) for the time period of July 1, 2009 through June 30, 2010, have been audited in detail by the Audit Committee members named below. These members agree that these financial statements are proper and correct, with the following exceptions:

- Check #5257 cleared the bank for \$25.20 instead of \$2.52.
- Check #5263 did not have 2 authorized signatures as required by the Booster Club bylaws. The check only contained 1 authorized signature.
- The Program Ad Expense account contains six expenses that did not have the related invoices as documentation for the expense. The undocumented expenses totaled \$42.87.

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

**Audit Report Type C**

**Page 1 of 1**

(This is not proper or correct due to material exceptions)

**EXAMPLE**

**High School Booster Club  
AUDIT COMMITTEE REPORT  
FOR THE TIME PERIOD  
July 1, 2009 through June 30, 2010**

The financial data contained in the following financial statement(s) for the time period of July 1, 2009 through June 30, 2010, have been audited in detail by the Audit Committee members named below. These members agree that the financial statements are not proper and correct due to the following exceptions:

- No documentation of cost existed for the 100 new uniforms purchased.
- Checking and savings accounts were not reconciled during the year.
- Only one (1) authorized signature appeared on all checks written instead of the two (2) required authorized signatures.

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

- Documentation of all expenses, such as an invoice, should be received prior to payment of expenses.
- Documentation should be kept with the other Booster Club records.
- All bank accounts should be reconciled on a monthly basis.
- All checks issued should be signed by at least two authorized persons.

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____	_____
<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

## **Suggested Audit Committee Procedures**

**The following suggested instructions are designed to assist the Booster Club Audit Committee in conducting a thorough audit of the Booster Club's financial activity for the applicable school year.**

### **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 the beginning of the school year), plus total deposits per check register, minus total disbursements per check register, balances to the 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 who 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 statements 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 spreadsheet 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 spreadsheet 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 disbursement 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 were prepared and filed timely.
24. If IRS 990 form was filed, review for reasonableness.

(EXAMPLE OF PTO/BOOSTER CLUB FINANCIAL REPORT)

**High School Booster Club  
CASH BASIS FINANCIAL REPORT  
From July 1, 2009 through June 30, 2010**

Beginning Cash Balance as of July 1, 2009 \$5,235.46

INCOME

Concession Stand Sales	\$2,111.42	
Fall Dance	\$1,125.22	
Membership Dues (225 members)	\$5,625.00	
Program Ad Sales	\$1,502.25	
T-shirt Sales	<u>\$3,375.00</u>	
Total Income		\$13,738.89

EXPENSES

Concession Stand Supplies	\$1,355.77	
Fall Dance Expense	\$577.92	
Miscellaneous Supplies	\$450.77	
Postage	\$236.29	
Program Ad Expense	\$742.88	
Cost of T-shirts	<u>\$2,250.00</u>	
Total Expenses		\$5,613.63

Ending Cash Balance as of June 30, 2011  
\$13,360.72

Cash Basis Financial Report Prepared By:

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**PTO/BOOSTER CLUB  
FINANCIAL CERTIFICATION**

To the best of my knowledge, \_\_\_\_\_  
(PTA or Booster Club name)

total **gross receipts** (income) \_\_\_\_\_ **do not** OR \_\_\_\_\_ **does** exceed \$25,000 for the  
fiscal year ending \_\_\_\_\_.

**(Note:** If your annual gross receipts are normally greater than \$25,000, the Booster Club must file the IRS Form 990 or Form 990 EZ.)

\_\_\_\_\_  
PTA/Booster Club Officer (Title) (Date)

\_\_\_\_\_  
PTA/Booster Club Officer (Title) (Date)

Forward completed Financial Certification to the District's **Executive Director of Finance Operations** no later than **August 1** each year.

**NOTE:** Instructions for Form 990 and Form 990 EZ can be found on the IRS website at [www.irs.gov](http://www.irs.gov) under Forms and Publications.

# **Section 7**

## **Exhibits and Forms**



**WEST ORANGE-COVE CISD  
TAX-EXEMPT STATUS /  
DONATION ACKNOWLEDGMENT FORM**

West Orange-Cove CISD 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. These charitable contributions are deductible by the donor on their tax return. Contributions may be made to the District, District schools, or various District groups and clubs.

**However, the District's tax-exempt status does not apply to various parent or community organizations, such as PTOs and Booster Clubs, who work with the District.**

These organizations are separate entities from the District and must apply for their tax-exempt status under Code Section 501(c)(3). Evidence of their tax-exempt status would be a Letter of Determination from the IRS.

**Example**

**West Orange-Cove CISD greatly appreciates the support of:**

Name of Donor (Company or Person)	<u>WOS Drama Booster Club</u>
Address	<u>2225 Annie Avenue</u> <u>Orange, TX 77630</u>
Contact Name / Phone Number	<u>John Doe / 409-555-1122</u>

**through the donation of:**

\$25,000.000 Check #00017

\_\_\_\_\_  
Description of Item(s) Donated and/or Monetary Contribution Received

**This support will assist the District in continuing to improve the educational environment.**

Jane Smith  
Print Name of District Employee Receiving the Donation

Jane Smith  
Signature of District Employee

Secretary WOS High School/Principal's Ofc 9-25-2011  
Title of District Employee School or Location / Department Date

**FORM DISTRIBUTION  
WHITE DONOR  
YELLOW BUSINESS OFFICE  
PINK PERSON RECEIVING DONATION**

**WEST ORANGE-COVE CISD  
TAX-EXEMPT STATUS /  
DONATION ACKNOWLEDGMENT FORM**

**West Orange-Cove CISD greatly appreciates the support of:**

Name of Donor (Company or Person) \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Contact Name / Phone Number \_\_\_\_\_

**through the donation of:**

\_\_\_\_\_

Description of Item(s) Donated and/or Monetary Contribution Received

**This support will assist the District in continuing to improve the educational environment.**

\_\_\_\_\_  
Print Name of District Employee Receiving the Donation

\_\_\_\_\_  
Signature of District Employee

\_\_\_\_\_  
Title of District Employee School or Location / Department

\_\_\_\_\_  
Date

**West Orange-Cove CISD  
Parent Organization/Booster Club  
Registration & Approval Form**

**To:** \_\_\_\_\_  
(Principal's or Administrator's Name)

**Location:** \_\_\_\_\_  
(School's or Department's Name)

Name of Organization: \_\_\_\_\_

Purpose of Organization: \_\_\_\_\_

Student Group to be Supported: \_\_\_\_\_

Faculty Sponsor for Club: (if applicable) \_\_\_\_\_

Current Number of Parent Supporters: \_\_\_\_\_

I agree with the following statements:

- I have spoken with the faculty member who will serve as the Sponsor of the Parent Organization/Booster Club and have received their permission to submit this registration form.
- I have contacted the Internal Audit Department to obtain a copy of the *Parent Organization/Booster Club Guidelines*.
- I have read the *Parent Organization/Booster Club Guidelines* thoroughly and agree to abide by the rules and guidelines it contains.
- I understand that noncompliance with any District policy or criteria may result in the disbanding of the Parent Organization/Booster Club by the Principal or the Administrator.
- I have included a current list of officers or representatives with names, titles, mailing addresses, and phone numbers with this registration form.

**Submitted by:**

\_\_\_\_\_  
(President/Representative #1)      Date

\_\_\_\_\_  
(Vice-President/Representative #2)      Date

\_\_\_\_\_  
(Treasurer/Representative #3)      Date

\_\_\_\_\_  
(Sponsor)      Date

<b>For District Use Only</b>	
<b>Received by:</b> _____	<b>Date Received:</b> _____

**West Orange-Cove CISD  
Parent Organization/Booster Club  
Registration & Approval Form**

**APPROVAL OF BOOSTER CLUB:** I, \_\_\_\_\_,  
(Administrator's Name)

\_\_\_\_\_ at \_\_\_\_\_  
(Position) (School's or Department's Name)  
authorize \_\_\_\_\_ to conduct student and  
(Parent Organization/Booster Club Name)  
organizational related activities for the benefit of \_\_\_\_\_  
(Student Group)

This registration approval is effective for the school year beginning \_\_\_\_\_ and  
(School Year)  
will continue until such time as the Parent Organization/Booster Club no longer exists.

\_\_\_\_\_  
Administrator's Signature Date

**DISAPPROVAL OF CLUB/GROUP:** I, \_\_\_\_\_,  
(Administrator's Name)

\_\_\_\_\_ at \_\_\_\_\_  
(Position) (School's or Department's Name)  
**do not authorize** \_\_\_\_\_ to become a Club/Group.  
(Parent Organization/Booster Club Name)

\_\_\_\_\_  
Administrator's Signature Date

- **The original form should be sent to a representative of the Parent Organization/Booster Club shown on the front of this form.**
- **Please make copies of BOTH SIDES of this form for:**
  - The Principal or Administrator
  - Business Office
  - The Sponsor

**FUND RAISING PROPOSAL/FINAL INCOME REPORT**

Campus: \_\_\_\_\_ Proposal date: \_\_\_\_\_  
 Organization: \_\_\_\_\_ Sale name(for receipting): \_\_\_\_\_  
 Faculty Sponsor: \_\_\_\_\_ Date(s) of sale: \_\_\_\_\_

Final Report will be sent **TO THE BUSINESS OFFICE** by: \_\_\_\_\_

Proposed fundraiser will accept checks  Will not accept checks  Date  
 Proposed fundraiser will take orders in advance  Yes  No  
 Proposed fundraiser will accept payments in advance  Yes  No

Purpose of fund raising activity: \_\_\_\_\_

Type of units to be sold: \_\_\_\_\_

Maximum number of units to be sold: \_\_\_\_\_

Sale price per unit \$ \_\_\_\_\_ x max. number of units = \_\_\_\_\_

Estimated cost per unit \$ \_\_\_\_\_ x max. number of units = \_\_\_\_\_

Account number for this activity \_\_\_\_\_

	Fund	Fn	Object	SO	Org
--	------	----	--------	----	-----

Account Name: \_\_\_\_\_

Signed: \_\_\_\_\_ Approved: \_\_\_\_\_  

Faculty Sponsor
Date
Campus Administrator
Date

Approved: \_\_\_\_\_ Approved: \_\_\_\_\_  

Director of Financial Operations
Date
Superintendent
Date

**FACULTY SPONSOR FINAL REPORT DUE BY:** \_\_\_\_\_

Actual number of units received for sale: .....  
 Number or other quantity identifiers: \_\_\_\_\_

Number of units left after the sale: .....  
 Number or other quantity identifiers: \_\_\_\_\_

Disposition of unsold units: \_\_\_\_\_

Number of accountable units: .....

Stock shrinkage or unaccounted units: .....  
 Explanation: \_\_\_\_\_

Net Balance: Units Sold: .....

Sale Price per unit: .....X

Total cash value of units sold: .....\$

ACTUAL CASH RECEIVED(Attach receipts) .....

DIFFERENCE(+ or -) .....

Explanation of cash shortage: \_\_\_\_\_

\* Cash deposited on attached receipts numbered: \_\_\_\_\_

Bus-005 Faculty Sponsor Signature: \_\_\_\_\_ Date \_\_\_\_\_

Attach 5 NCR copies Principal Signature: \_\_\_\_\_ Date \_\_\_\_\_