

## Preface

These *Guidelines are prepared* to assist Booster Clubs/Parent Organization in meeting District, University Interscholastic League (UIL), state, and federal requirements. Therefore, it includes some of the laws, regulations and policies that Parent Organizations would need to comply with. It also has a checklist as well as suggestions and examples that would be very helpful for Parent Organizations.

These Guidelines do **not** include all laws, regulations or policies that a Parent Organization would be responsible for. So please consider this guide as a starting point for compliance and **not** an **all-inclusive** handbook.

***Important:** The Internal & Systems Control Coordinator is not an authority on specific accounting situations or tax-related issues concerning individual Booster Clubs/ Parent Organization; therefore, Booster Clubs/ Parent Organizations should obtain competent independent counsel on accounting and tax related to their circumstances.*

### **NEW THIS YEAR**

**The District is requiring all Booster Clubs or Parent Organizations to be IRS 501(c)(3) organizations by the end of the school year 2012-2013.**

# Introduction

**Even though a Booster Club/ Parent Organization work very closely with the District, it is a separate entity from the District.**

Booster Clubs/ Parent Organizations are parent organizations established to promote school programs or complement student groups or activities. A Booster Club's/ Parent Organization's purpose may be to support a student group or program at a particular school or various student groups or programs at various schools. Students enrich their education and expand their horizons when they participate in school activities and programs. Therefore, the District greatly appreciates the time, effort, and financial support that the Booster Clubs/ Parent Organizations provide to our students.

The formation of a Booster Club/Parent Organizations must be approved by an appropriate District Principal or Administrator. In addition, a Booster Club/ Parent Organizations must adhere to various District policies and guidelines, University Interscholastic League (UIL) guidelines, and state and federal regulatory guidelines. Booster Clubs/ Parent Organizations support a particular student group or program through a Sponsor. The Sponsor is a District employee who serves as the liaison between the Booster Club/ Parent Organizations and the District. In addition, the pertinent Principal or other appropriate Administrator must approve various activities of both the student group and the related Parent Organization/Booster Club. The main responsibilities of a Parent Organization/Booster Club, a Sponsor, and a Principal or an Administrator are indicated below:

**Booster Club/Parent Organization** - A Booster Club/Parent Organization is responsible for supporting a student group, activity, or program. Support may be as simple as providing support at games or event or as complex as raising money for an out-of-state competition. The Booster Club/Parent Organization works through the Sponsor to provide assistance for the planned activities of the student group. The Booster Club/ Parent Organization decide the type and amount of assistance they will provide; however, the Booster Club/ Parent Organization does not have the authority to decide the activities or trips in which the student group will participate. The parents and the Booster Club/ Parent Organization may provide suggestions about particular activities; however, the Sponsor is responsible for the final decision with the Principal's or Administrator's approval.

**Sponsor/Liaison** - A designated Sponsor of a student group serves as the liaison between the Booster Club/ Parent Organization and the District, under the supervision of the Principal or Administrator. The Sponsor is responsible for determining the various activities and trips in which the student group will participate with the approval of the Principal or Administrator. The Sponsor does not have the authority to control the amount of support a Booster Club/ Parent Organization provides.

**Principal or Administrator** – The Principal or Administrator is responsible for approving the constitution, bylaws of the Booster Club/Parent Organization as well as the activities of the student group and some activities of the related Booster Club/Parent Organization.

## **Booster Club/ Parent Organization Checklist**

The following checklist serves as a guide to help ensure that your Booster Club/ Parent Organization have complied with the District's Board Policies and guidelines and federal and state regulations governing Booster Clubs/ Parent Organizations. In addition, information you document here will help future officers continue your compliance efforts.

### **General (Due by September 15th)**

1. Provide the District's Internal & Systems Control Coordinator and the School Principal or Administrator (*if the Booster Club is not located at a school*) with the Booster Club's official mailing address and with a list of Booster Club officers by September 15<sup>th</sup> each school year and as officers change by completing the [Booster Club Information Sheet](#).

2. If you haven't yet done so, please apply for IRS 501(c)(3) exemption. **The District is requiring all Booster Clubs or Parent Organizations to be IRS 501(c)(3) organizations by the end of the school year 2012-2013.** Please see [Federal Regulatory Information](#) for more details.

3. Provide the School Principal or Administrator (*if the Booster Club is not located at a school*) with Booster Club's [SS-4, Determination Letter](#) from the IRS, constitution, by-laws, and operating procedures when they are originated. In addition, provide updated copies as changes or amendments are made.

1. Provide a [Financial and Review Report](#) for the fiscal year ending the previous school year to the Sponsor, School Principal, and the Executive Secretary of the Superintendent by September 15<sup>th</sup>. For more information, please refer to the Financial Report and Review Report sections under [Taking Care of Business](#) in these Guidelines.

### **Insurance**

2. Booster clubs should 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 or an external auditor and must have a procedure in place to have bank statements and reconciliations reviewed by a member without check signature authority.

### **Fund-raisers**

3. Provide the Sponsor and the School Principal or Administrator (*if the Booster Club is not located at a school*) with a list of fund-raisers planned for the current year by September 15th.

On this list, please include the following information:

-Purpose of the fund-raiser.

- Type of fund-raising activity (ie, candy sale, car wash, BBQ, etc.).
- Date(s), time(s), and place(s), of the activity.
- Name of the sponsoring organization.
- Name and phone number of person(s) in charge of the fund-raiser.
- Name and phone number of the person who will be handling the money for the fund-raiser

NOTE: Sending a list of the fund-raisers does not constitute an application for approval of the fundraisers and the Principal's acceptance of the list does not indicate approval of these activities.

4. Submit a completed **Fund-Raising Activity Permission Request** for Parent Organizations at least 30 days prior to the fund-raising activity.
5. The Booster Club cannot require members or students to fund-raise or raise a certain amount. For example, a student's ability to attend a trip cannot be based on raising a certain amount of money. **If your Club is currently requiring fund-raising, discontinue this requirement.**
6. The Booster Club **cannot use individual accounts** to credit an individual for funds raised. If your Club is using individual accounts currently, this practice should be discontinued.

Fund-raising is an opportunity to generate revenue for the Booster Club as a group, not individuals. Therefore, revenues should be recorded in a group account where all members or students have the same opportunity to **benefit equally** from the revenues.

One member or student should not receive a larger benefit from fund-raising than another. In addition, if a member or student chooses not to participate in the fund-raiser, that person still **receives an equal benefit** from the revenues generated.

If your Booster Club has received a limited tax-exemption from the Texas State Comptroller's Office, your organization is entitled to two (2) "one-day, tax-free" sales/auction days per calendar year.

7. At the conclusion of the fund-raising activity, it is recommended that an Operating Report be completed and provided to the organization's treasurer and **not the school**. The organization is responsible for handling the money received and the related expenditures as well as keeping the fund-raiser records as required for record retention.

8. If you are entitled to the two “one-day, tax-free” sales days, indicate the “one-day, tax free” sales/auction that have been used or that are planned:

Calendar Year: \_\_\_\_\_

Date / Fund-raiser: \_\_\_\_\_

Date / Fund-raiser: \_\_\_\_\_

Calendar Year: \_\_\_\_\_

Date / Fund-raiser: \_\_\_\_\_

Date / Fund-raiser: \_\_\_\_\_

**Financial Matters**

General

9. The Bank accounts used by the Booster Club include:

<u>Bank Name</u>	<u>Account Number</u>
_____	_____
_____	_____
_____	_____

10. Determine the identification number used for the bank accounts. The Booster Club’s Employee Identification Number (EIN) should be used. Do not use an individual’s Social Security Number, and **do not use the District’s EIN.**

Organization’s EIN: \_\_\_\_\_

11. Update the authorized signers on your bank accounts as officers change. The current authorized signers include the following Booster Club officers:

<u>Name of Person</u>	<u>Position Held</u>   <u>WISD Employee?(Y/N)</u>
_____	_____   <u>Y/N?</u>

**IMPORTANT**

**District employees may serve parent organizations as a general member or in an advisory capacity and should not have control or signature authority over the parent organization's funds, including petty cash or miscellaneous discretionary funds. District employees SHALL NOT serve as the Treasurer, fundraising chairperson, nor serve in any capacity over the organization's financial affairs, including an authorized signer on the bank account.**

**A District substitute or temporary worker may be a Treasurer or authorized signer on the bank account of a parent organization with written approval from the principal or supervisor where the organization is located.**

**Please send a copy of the approval to the Internal & Systems Control Department.**

**See [Request for Authorization for WISD Employee to be a Signer on Booster Club/Parent Organization Accounts](#).**

**Federal Regulatory Information**

***The following items need to be done only once since the origination of the Organization.***

12. Obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS).

The EIN for the Organization is: \_\_\_\_\_

13. Determine whether the Booster Club has received tax-exempt status as a public 501(c)(3) organization from the IRS. If the IRS has approved the Organization's tax-exempt status, a **[Determination Letter](#)** would have been received from the IRS.

The Organization received its tax-exempt status as a public 501(c)(3) organization from the IRS:

YES  NO

If you have not applied for the tax-exempt status, complete the **[IRS Form 1023](#)**, Application for Recognition of Exemption, and Form 8718 User Fee for Tax-Exempt Organization Determination Letter Request. Submit these forms and the application fee to the IRS.

If you have applied for the tax-exempt status but you have not received your Determination Letter, you should receive an Acknowledgement of Your Request. Call the IRS to determine the status of your application.

14. If you have received a Determination Letter from the IRS approving your Organization as a public 501(c)(3) organization, determine whether your status as a public tax-exempt organization is temporary.

If the tax-exempt status is temporary, the "Advance Ruling Period" ends on:

\_\_\_\_/\_\_\_\_/\_\_\_\_

If the temporary status is about to expire or has expired, complete and submit the IRS Form 8734, Support Schedule for Advance Ruling Period, to IRS. The IRS should mail this form to the Organization's official mailing address.

***The following items may be applicable during each school year or calendar year.***

15. Determine whether your Organization is in good standing with IRS by calling the Exempt Organization Section of the IRS.
16. File the IRS Form 990-N, **990-EZ** or **990**, Return of Organization Exempt from Income Tax, whichever is applicable. Most small tax-exempt organizations whose annual gross receipts are normally \$50,000 or less are required to electronically submit Form 990-N, also known as the e-Postcard, unless they choose to file a complete Form 990 or Form 990-EZ instead. The e-Postcard is relatively easy to complete. All you need is eight items of basic information about your organization. Please go to [www.irs.gov](http://www.irs.gov) for more information.

The 990 is due by the 15<sup>th</sup> day of the 5<sup>th</sup> month after the Organization's accounting year ends.

Official Year-end: \_\_\_\_/\_\_\_\_/\_\_\_\_ Due Date for Return: \_\_\_\_/\_\_\_\_/\_\_\_\_

Issue 1099 forms to applicable individuals or businesses by January 31st of each year. If 1099 forms are issued, send information to the IRS by February 28th, of each year.

**State Regulatory Information**

***The following items need to be done only once since the origination of the Booster Club.***

17. Determine whether your organization has obtained a Texas Sales Tax Permit.

The Organizations Sales Tax Permit Number is: \_\_\_\_\_

18. Determine whether your organization has obtained an exemption from sales tax from the Texas State Comptroller's Office.

The Organization has received a limited sales tax exemption from Texas State Comptroller's Office:  YES  NO

**Reminder:** Only those organizations with a limited tax-exemption from the Texas State Comptroller's Office are entitled to the two (2) "one-day, tax-free" sales/auction days.

**NOTE:** Please refer to <http://www.window.state.tx.us/taxinfo/exempt/exemptfaq.html> for more information about applying for sales and franchise tax exemptions.

19. Determine whether your organization is incorporated:  YES  NO

If the Organization is incorporated, determine whether your organization has obtained an

exemption from Texas franchise tax from Texas State Comptroller's Office.

The Organization has received a franchise tax exemption from the Texas Comptroller's Office:  
 YES  NO

**NOTE: Please refer to <http://www.window.state.tx.us/taxinfo/exempt/exemptfaq.html> for more information about applying for sales and franchise tax exemptions.**

*The following item is applicable each school year or calendar year.*

20. File the Organization's Texas Sales and Use Tax Return as required.

The Texas State Comptroller's Office determines whether the report needs to be filed quarterly or annually and the reporting schedule is subject to change.

The Organization is required to file its Texas Sales and Use Tax Report Return:

MONTHLY   
QUARTERLY   
ANNUALLY

21. File the Organization's Texas Franchise Tax Return if required.

#### Booster Club Guidelines

**22. As your Organization President or Treasurer changes, show the new officers how to access the *Booster Club/Parent Organization Guidelines* handbook on the Waco ISD website. And please submit information about the new officers to the District's Internal & Systems Control Coordinator and the School Principal or Administrator (if the *Booster Club* is not located at a school) as delineated in number 1 above.)**

# Do I Really Want a Booster Club?



## **Included in this Section:**

- **Questions to Answer Before You Commit**
- **Booster Club/Parent Organization Registration & Approval Form**

## Questions to Answer Before You Commit

Booster Clubs and Parent Organizations provide an important support function to student groups; however, they also require a strong commitment from the members to work properly. Therefore, deciding whether or not to form a Booster Club or Parent Organization is a difficult decision that requires careful consideration of the pros and cons of formation. Interested parents should discuss these issues with each other as well as the Sponsor of the student group and the School Principal or Administrator (*if the organization is not located at a school*). **The appropriate School Principal must approve, in writing, the formation of the Booster Club or Parent Organization before the club or organization take any further action to create a unique identity.**

It is important to remember that parents do not have to form a Booster Club or Parent Organization to support a student group. Parents may still support a student group as parents through fund-raisers and other activities in which the students are involved if the student group has a Student (agency) Activity Fund set up through the District. All money generated would be considered the student group's money and would benefit only that group of students. In addition, the District would be responsible for all of the accounting and legal responsibilities of the Student Activity Fund.

The following are some questions to consider when deciding whether or not to form a Booster Club or Parent Organization:

1. Why do I want a Booster Club or Parent Organization?
2. What can a Booster Club or Parent Organization accomplish that cannot be achieved through the use of a Student Activity Fund?
3. Do I have the time to commit to the Organization?
4. Are there enough parents with time to commit to the Organization?
5. Am I willing to perform the necessary research, training, and paperwork to be in compliance with all District, UIL, State, and Federal regulations?
6. Have I read or will read the rest of this handbook to discover my responsibilities once an Organization is formed?
7. Have I spoken with other similar Organizations to determine what benefits/challenges they have experienced?
8. Have I spoken with the Sponsor to obtain support for the formation of the Organization?

Once the decision is made to form a Booster Club/Parent Organization:

1. You must then obtain the written approval of the School Principal or Administrator (*if the organization is not located at a school*) before proceeding with any other steps to create your identity as a Booster Club or Parent Organization. (See [Parent Organization Registration & Approval Form.](#))
2. Send a copy of the written approval to the Department of Internal and Systems Control.
3. Establish the Organization's mailing address. (You will have to list an official mailing address on several state and federal forms when creating your identity as a Booster Club or Parent Organization; therefore, it is better to get this step done first.) The IRS and the Texas State Comptroller's Office recommend that each Organization obtain a post office box (PO Box) or private mailing box (PMB) to use as the official mailing address of the Organization. The address and box keys can be given easily to the new officers at the beginning of each year.

Please understand the importance of maintaining a consistent mailing address for the Organization. First, you will save time since you will not have to update your address each year to the District, State Comptroller's Office, Texas Secretary of State, the IRS, and your bank as you would if you used someone's home address.

Second, Booster Clubs and Parent Organizations receive several important documents from these agencies throughout the year, and if the address changes frequently, some of these documents could be lost or misplaced. If the related school's address is used as the Organization's official address, the Organization should be aware that they may not receive mail in a timely manner when the school is closed (i.e., summer vacation, and some holidays). The IRS mails forms and other correspondence to Organizations periodically. If these forms are not completed and returned to the IRS within a specific time period, an Organization could lose their tax-exempt status, thereby also losing their limited tax-exemption with the State of Texas and possibly face fines and penalties.

The District does not recommend using a home address since officers change frequently.

4. Begin the process of creating your identity with State of Texas and the Internal Revenue Service (IRS).