

Day-to-Day Responsibilities



Included in this section:

- **Day-to-Day Responsibilities Overview**
- **Various Subject Areas concerning Day-to-Day Responsibilities**

Day-to-Day Responsibilities Overview

So far, we've covered various aspects of the major decisions that Booster Clubs have to make regarding incorporation, tax-exemption, financial reporting, and other District requirements. Therefore, this section is dedicated to the many day-to-day issues that face a Booster Club. In addressing day-to-day issues, remember the responsibilities of the Booster Club and the pertinent District employees.

Booster Clubs 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 and the District. In addition, the pertinent Principal or other appropriate Administrator (*if the Booster Club is not located at a school*) must approve various activities of both the student group and the related Booster Club. The main responsibilities of a Booster Club, a Sponsor, and a Principal or Administrator are indicated below:

Booster Club - A Booster Club is responsible for supporting a student group, activity, or program. Support may be as simple as providing refreshments for a particular event or support may be as complex as raising money for an out-of-state competition. The Booster Club works through the Sponsor to provide assistance for the planned activities of the student group; however, the Booster Club does not have the authority to decide the activities or trips in which the student group will participate. The parents and the Booster Club 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 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. In addition, the Sponsor should work very closely with the Booster Club and provide guidance to the organization. The Sponsor should not be considered an officer or member of the Booster Club. However, the Sponsor, under the directive of the principal, shall approve all student / school-related activities of the Booster Club.

Principal or Administrator - The Principal or Administrator is responsible for approving the activities of the student group and some activities of the related Booster Club.

Booster Club officers also have day-to-day responsibilities to the club, as well as, the students they support. Some of these responsibilities include:

- Setting up a bank account properly,
- Accounting properly for fund-raiser income and expenses,
- Analyzing the outcome of each fund-raiser to determine its financial success/failure,
- Establishing and maintaining money handling procedures, and
- Becoming knowledgeable of District policies concerning using District buildings and distributing flyers.

Accounting Procedures

- Booster Clubs should include written instructions on the recording of accounting transactions in their bylaws, such as accounting method (cash vs. accrual), number of authorized signers on the bank account(s) and number of authorized signatures required for each check.
- All transactions should be recorded in the Booster Club's financial records.
- The Booster Club books and bank accounts should be reconciled monthly.
- Booster Clubs may provide support to their student group in two manners:
 - a) Booster Club members raise funds for a student group. Funds are deposited into the Club's bank account. The Club writes a check to the school where the student group is located. The school deposits the funds into the student group's activity fund. The funds then belong to the members of the student group, to be spent at their discretion (under the supervision of the Sponsor). All accounting and safeguarding of the funds is the responsibility of the school, once the school has received the funds.

The IRS prefers that 501(c)(3) organizations use this method, since it provides the "cleanest" procedure to track how the Booster Club spends its revenues. Using this method, the Booster Club's Financial Report would show a clear path of revenues generated and expended exclusively for its purpose, to support a student group. In addition, this method reduces the amount of paperwork and responsibility for the Booster Club related to the accounting for the revenues and expenses of the student group.

- b) Booster Club members raise funds for a student group. Funds are deposited into the Club's bank account. The Club writes checks to the individual vendors for the expenses related to the student group through their bank account. In addition, they collect amounts due from the students for each event/competition/trip in which the student group participates. In addition, the Club tracks who has paid and who still owes money for each event and ensures that all balances are paid in full before the event occurs. All accounting and safeguarding of the funds is the responsibility of the Booster Club.

Bank Accounts

- Booster Clubs should set up a bank account with the Booster Club's EIN number. A person's social security number or the District's EIN number cannot be used to set up a bank account.

- **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 a capacity over the organization's financial affairs, including an authorized signer on the Parent Organization's bank account(s).**

- 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 see [Authorization for Signer on PTO & Booster Club bank accounts](#).

This approval must be requested and received each school year. The written approval must be kept on file with the District's Internal & Systems Control.

- At least two authorized signatures must be required for each check written to assist in establishing good internal controls over check disbursements. The bank account(s) should have at least three authorized signers to allow at least one back-up signer if one of the regular signers is not available.
- Bank account(s) should be reconciled monthly.

Receiving Contributions / Donations

a) Current Contributions received

Booster Clubs may receive monetary or non-monetary contributions from individuals or businesses. In addition, those Booster Clubs that have received a Determination Letter from the IRS granting **501(c)(3)** tax exemption are allowed to receive **tax-deductible contributions** in accordance with IRS Regulation 170. To allow the individuals or businesses to deduct these contributions on their tax returns, the Booster Club must send them a copy of the Club's Determination Letter indicating that the Booster Club is a 501(c)(3) organization.

If your Booster Club is not a 501(c)(3) organization, contributions or donations are not tax-deductible. In addition, you must inform the individual or business that the contributions or donations are not tax-deductible.

REMEMBER

501(c)(3) is the only IRS tax-exempt category that allows contributions to be tax-deductible on the contributor's tax return.

For contributions received, the Booster Club may want to send a thank you note along with a copy of the Determination Letter. The thank you note may indicate what was contributed or donated. If the gift is monetary, you may indicate the dollar amount. If the gift is **not** monetary, the estimated value should not be included in the thank you note. It is the responsibility of the individual or business that provided the gift to determine the value that they would report on their tax return.

Even though contributions or donations received will ultimately support the student group at a school, the gift is still considered to be a gift to the Booster Club and not to the school or to the District.

b) Quid Pro Quo Contributions Received

According to the IRS, a charitable organization, such as a Booster Club that is a 501(c)(3) organization, must provide a written disclosure statement to donors who make a payment, described as a “quid pro quo contribution,” in excess of \$75.

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charitable organization. An example of a quid pro quo contribution is where the donor gives a Booster Club \$100 in consideration for a concert ticket valued at \$40. In this example, \$60 would be deductible. Because the donor’s payment (quid pro quo contribution) exceeds \$75, the disclosure statement must be furnished, even though the deductible amount does not exceed \$75.

Separate payments of \$75 or less made at different times of the year for separate fund-raising events should not be aggregated for the purposes of the \$75 threshold.

The required written disclosure statement must:

- 1) inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charitable organization, and
- 2) provide the donor with a good-faith estimate of the value of the goods or services that the donor received.

The charitable organization (Booster Club) must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for the organization to provide another statement when the associated contribution is actually received.

A penalty is imposed on charitable organizations that do not meet the disclosure requirements. For failure to make the required disclosure in connection with a quid pro quo contribution of more than \$75, there is a penalty of \$10 per contribution, not to exceed \$5,000 per fund-raising event or mailing.

Giving Contributions/Donations

UIL Guidelines

The UIL has guidelines concerning gifts or donations to the school. Please refer to the [UIL Guidelines](#) under the Following the Rules section of the Booster Club guidelines. The

information listed in the Following the Rules section is not all-inclusive and is subject to change by the UIL. Therefore, for the most up-to-date version of this information **and to find out about other UIL guidelines**, please go to the UIL's website at www.uiltexas.org.

District Guidelines

When you donate cash, checks, services or noncash items to the school or district, please complete the **Contribution Form** and submit to the Principal. If cash or check is involved, please attach the check/money order to the form.

- Board policy CDC requires all gifts and grants from private sources to be "included among the total receipts of the District which are reported in the annual financial statement" .
- Accordingly, all gifts/donations/in-kind services are required to be processed through the campus front office, as applicable, and reported to Coordinator of Community Resources in the Communications Department, via the Community Contribution Form.
- Any gift valued at \$100 or greater may be accepted by the Superintendent or his designee, i.e., principal.
- Any gift valued at \$2,000 or more is required to be presented to the Board for approval prior to acceptance.
- Any gift of a fixed asset, e.g., playground equipment, computer, etc., must be presented for approval to the Superintendent, and in some instances the Board, prior to acceptance.

Facilities Use

Booster Clubs/Parent Organizations that use District facilities must abide by all applicable Board policies including but not limited to **GKD (Legal)** and **GKD (Local)**. Per Board policy GKD(Local), "Persons or groups using school facilities shall:

1. Conduct business in an orderly manner.
2. Abide by all laws and policies, including but not limited to those prohibiting the use, sale, or possession of alcoholic beverages, illegal drugs, and firearms, and the use of tobacco products on school property.
3. Make no alteration, temporary or permanent, to school property without prior written consent from the Superintendent.

All groups using school facilities shall be responsible for the cost of repairing any damages incurred during use and shall be required to indemnify the District for the cost of any such repairs."

Any organization shall be required to complete a written agreement indicating receipt and understanding of Board policies GKD(Local) and GKD(Legal) and any administrative regulations, and acknowledgement that the District is not liable for any personal injury or damages to personal property related to the non-school use.

Who to Contact to Use/Rent Campus Facilities:

For reservations of gymnasiums, outdoor athletic facilities or the Athletic Complex, please contact Jack Stanley, Manager of Athletics Services. E-mail: jstanley@wacoisd.org or 254-745-2250.

For reservations of the Performing Arts Center, please contact the following people:

Waco High

Gwen Miller	gmillers@wacoisd.org	(254)776-1150
Lisa Saxenian	lsaxenian@wacoisd.org	(254)776-1150

University High

Cally Frederking	cfrederking@wacoisd.org	(254)756-1843
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For rentals of the WISD Playhouse, the auditoriums, cafeteriums,, the Waco ISD Conference Center, please contact the Department of Business and Support Services at (254) 755-9473.

For use of campus facilities during regular energy use and custodial coverage hours, please contact the following people:

Waco High

Gwen Miller	gmillers@wacoisd.org	(254)776-1150
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University High

Rebecca Jimenez	rjimenez@wacoisd.org	(254)756-1843
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For use or rentals of other campus facilities outside the regular energy use and custodial coverage hours, please contact the Department of Business and Support Services at (254) 755-9473.

Financial Aid Guidelines

Tax-exempt organizations must benefit a group as a whole instead of benefiting individual members of a group. Since Booster Clubs usually assist student groups, all members of the student group sponsored are to be treated equally and receive the same opportunity to benefit from the Booster Club’s assistance. Therefore, one student cannot receive a greater benefit than another unless the criteria for financial need discussed below is met.

In some instances, individuals may not be able to afford to pay the amount owed to participate in a particular event. The IRS has indicated that a group or club may establish criteria that could be used to determine if a person is in financial need. If the criteria are met, the group or club could provide the necessary funds to allow the individual to participate. The criteria should be

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

An example of [Financial Aid Guidelines](#) is included in the Exhibits.

Flyers

Before flyers are displayed or distributed, 501(c) tax-exempt organizations may submit flyers to the Communications Development and Community Partnerships Department for approval. Please e-mail the proposed flyer to Dale Caffey at dcaffey@wacoisd.org for approval.

Note: “501(c)(3) Number” is the same number as the Employer Identification Number (EIN).

Fund-Raisers

a) Guidelines and Policies

- Booster Clubs should carefully consider limiting the number of major fund-raising activities involving students. **All such activities require both the approval of the Sponsor and School Principal.** For the fund-raisers planned for the current school year, please submit the [Fund-Raising Activity Permission Request](#) for Parent Organizations to the Principal (or designee) for approval. If the type of fund-raiser changes, please submit a revised or new Permission Request to the Principal or designee for approval.

b) IRS Regulations

- The IRS prohibits tax-exempt organizations from **requiring** people to participate in fund-raisers. Likewise, Booster Clubs **may not** require an amount be “donated” in lieu of participating in a fund-raiser. People **may choose** whether or not to participate in a fund-raiser and may choose whether or not to donate to the Booster Club. Furthermore, if a person decides not to participate, that person cannot be excluded from having the opportunity to benefit from the fund-raiser and cannot be penalized in any way for choosing not to participate in the fund-raiser.

Furthermore, benefits given by a tax-exempt organization **cannot** be based on participation in a fund-raiser or based on revenues raised individually. Therefore, regardless if a person participates in a fund-raiser and regardless of the amount of revenue raised, that person cannot be denied the opportunity to receive an equal benefit.

Example: High Spirit Booster Club is having a car wash fund-raiser to help

reduce the cost of a trip to Florida for a competition. The cost of the trip is \$20,000 for 20 people. Therefore, each person's cost for the trip before the fund-raiser is \$1,000.

Of the 20 people participating in the trip, only 10 people participate in the fund-raiser and raise a total of \$600.

The \$600 must be split equally among the 20 people going on the trip, even though only 10 people participated in the fund-raiser. Therefore, each person receives a benefit of \$30 (\$600 / 20). Now, each person's cost for the trip is \$970 (\$1,000 - \$30).

- The IRS prohibits the use of individual accounts by Booster Clubs. Booster Clubs must benefit the group as a whole, not its individual members. *(See example above.)*

"Individual accounts" are those accounts used by a Booster Club to credit an individual with revenues raised. The Booster Clubs would use these accounts to benefit the individual by offsetting that individual's expenses with the amount credited to the individual from the revenues raised.

c) Accounting for a Fund-Raiser

Within a week of the projected end date of the fund-raiser, complete the Fund-Raising Activity Report (**Operating Report** and the applicable attachment). Submit the Operating Report and applicable attachment to the Treasurer. The Treasurer should verify the information provided on the forms.

d) Analysis of Fund-Raiser

Booster Clubs should use the **Fund-Raising Activity Report** to determine the anticipated amount to be raised by a fund-raiser and then to determine if the fund-raiser was a success or failure. This type of analysis will help a Booster Club decide whether or not to repeat a particular fund-raiser. *(See the Appendix.)*

e) Use of Funds Raised

According to the Internal Revenue Service (IRS), review your application for recognition of exemption (Form 1023) to determine how funds raised or contributions received by a booster club may be used. This document indicates how the organization had intended to use the funds and the IRS granted the organization their public 501(c)(3) tax-exempt status based on this information. Funds may be used for those purposes indicated in the Form 1023 document.

If funds are used for purposes **not** indicated in the Form 1023 document, the IRS may question whether the organization should continue as a public 501(c)(3) organization.

The District recommends contacting the IRS before expending the funds if a question exists as to whether it falls under the use of funds approved by the IRS. Because the application for recognition of exemption may be written differently from one booster club to another, one booster club may expend funds for certain items; whereas, another booster club may **not** be able to expend funds for the same items.

The funds raised or donations received by the Booster Club may not be used for the following purposes:

1. Gifts to Principals
2. Gifts to Teachers / Sponsors
3. End of Year Gifts to Executive Board
4. Alcoholic Drinks

Please note that amounts expended for Booster Club Officers are under stricter guidelines than other members of the Booster Club.

Fund-Raising for Individuals or Families

Many heartbreaking events happen in the lives of our students, District staff, and their families. These events may range from death or injuries in tragic accidents, to major illnesses or fires. Most of us want to help these individuals or families. Raising funds for these situations must be done by the family setting up a special account at a bank or credit union. Donations can be made by individuals or businesses by sending checks to the bank or credit union for the particular individual or family. These contributions are **not** tax deductible for income tax purposes.

Even though we want to assist individuals and families in times of need, schools and the District cannot hold fund-raisers for these individuals and families.

Insurance

The Booster Club should consider purchasing general liability insurance to protect the Booster Club in case of accidents or injuries. If general liability insurance is not purchased, the Booster Club should consider purchasing event insurance when holding a carnival or other similar event.

In addition, a fidelity (bond) coverage policy should be considered to protect its funds from embezzlement (internal theft.) This insurance policy would not protect the Booster Club from robbery or outside theft.

Mailing Address

If the mailing address for the Booster Club changes, immediately notify the District, the Texas Secretary of State, the Texas Comptroller's Office, and the IRS. To avoid frequent mailing

address changes, the IRS and the Texas Comptroller's Office recommend that each Booster Club obtain its own post office box (PO Box) or private mailing box (PMB) to be used for official Booster Club mail. This address and box keys can be given easily to the new officers at the beginning of the year.

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

Second, Booster Clubs 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 Booster Club's official address, the Booster Club should be aware that it 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 Booster Clubs periodically. If these forms are not completed and returned to the IRS within a specific time period, a Booster Club could lose their tax-exempt status, thereby also losing their 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.

**IRS Form 8822 for reporting change of address is available on the IRS website,
www.irs.gov under Forms and Publications.**

Members

Active members should include those individuals that are parents or guardians of a student active in the sponsored program and that are current in their dues. Only active members should have the ability to vote or hold an office. Other individuals may volunteer for the Booster Club, but can not vote or hold an office. "Members" should be defined in the Booster Club's bylaws.

Membership Dues

Booster Clubs may charge dues to their members (the parents); however, parents **do not** have to be members of the Booster Club for their child(ren) to participate in the student group that receives benefits from Booster Club activities. **Membership dues are separate from the expenses incurred by sponsoring a student group (i.e., trip expense, costume expense).** Membership dues are associated with the parents being part of the Booster Club and are in **no way** associated with the expenses related to that parent's child.

Money-Handling Procedures

Money refers to cash, checks, money orders, or cashier's checks. The following are suggestions

related to handling money to assist in ensuring proper accountability.

a) Receiving Money

- The person receiving the money **while in the presence of the person turning in the money** should count all money received.
- The person receiving the money should give a receipt to the person delivering the money (both parties should retain their copy of the receipt).
- Any checks received should be restrictively endorsed immediately.
- Post-dated checks **should not be accepted** from any source.
- Receipts should indicate whether cash, check, money order, or cashier's check was received; date of the receipt; and signature of person receiving the money.

IMPORTANT

If a money order or cashier's check is received, the receipt should indicate the total check amount; brand name of the money order or the issuing bank's name of the cashier's check; and the complete check or money order number.

If a copy of the money order or cashier's check is made, the inclusion of this additional information on the receipt is not necessary.

- Copies or a list of checks, money orders, and cashier's checks received should be made to assist in recovery of money if these items are lost, stolen, or returned due to insufficient funds.

b) Recording and Depositing Money

- Prior to depositing money, at least two people should count the money.
- All money should be delivered to the Booster Club Treasurer to deposit funds daily.
- Cash should not be maintained at a member's home.
- Receipts should be reconciled with all money turned in and deposited.
- Money received should only be deposited in the Booster Club's account(s).
- Deposit slips should be retained and reconciled monthly to the account.

c) Disbursing Money

- Require **two** signatures on each check.
- Do **NOT** sign blank checks.

d) Safeguarding Money

- Have people that handle money bonded. This protects against embezzlement, but not theft.
- Do not keep any money in an unlocked drawer, unlocked filing cabinet, vehicle, or other unsecured place.
- Do not store the records of the money received (i.e., receipts, copies of checks) in the same place as the money. If records and money are stored together and a theft occurs, the record of the money may be taken along with the money. Subsequently, determination and recovery of losses would be more difficult.
- Money received and not yet deposited should not be used for purchases, check cashing, loans, advances, reimbursements, or for any other purpose.
- All unused checks should be kept safe and secure at all times.
- "Blank" checks should never be issued and checks should never be pre-signed.
- The sequence of check numbers should be accounted for when reconciling the bank statement to the Booster Club's books.
- **Issuing checks payable to "Cash" or to the "Sponsor" should be avoided.** The IRS may examine these transactions in more detail than other transactions. If a check must be payable to "Cash" or to the "Sponsor," keep detailed documentation of the expense or use of the funds.

Paying and Reporting of Workers (District Employees or Others)

Any individual including a District employee who is hired by the Booster Club must be paid directly by the Booster Club and not through the District. There are many technical and legal issues that arise if they are paid by the District. These issues include overtime pay; use of weighted average hourly rates; payment of TRS, taxes, and other benefits; and the advancing of district funds that is prohibited by law.

In some situations, Booster Clubs that hold events at district facilities may be charged for staff that must be on hand for the event or to clean up after an event. The pay appropriately is done through the District through the facilities use charges. These employees are doing work for the District and not the Booster Club.

Remember that federal law requires that a Booster Club paying \$600 or more to an individual during any calendar year must account for this income through the issuance of a 1099 form. This includes an individual who is paid \$600 or more for "cultural arts events." The Booster Club will need to get social security numbers from all workers. This can be done by having them complete a W-9 form. It is best to have the W-9 completed before paying the worker.

Also remember that the Booster Club is responsible for its volunteers and employees during Booster Club events or activities, including injury or theft. District employees cannot be hired by the Booster Club or parent organization to have control or signature authority over the parent

organization's funds, including petty cash or miscellaneous discretionary funds. District employees must 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.

Project Prom Incentives

The Project Prom Booster Clubs may give "bonus bucks," "coupons," or "points" as an incentive to get parents to participate in project prom events and earn extra chances for their senior to win a prize or prizes at their after prom event. If the following three (criteria) are met, then these incentives may be used:

1. Every student attending the after prom event receives some incentives for just attending the event.
2. Incentives are used only to have chances to win prizes.
3. Everything at the after prom event is free.

The incentives can not be used towards the purchase of a prom ticket. The incentives can be earned for volunteering for various project prom activities including fund-raisers.

The use of incentives is only approved for project prom. The incentives are very similar to individual accounts that are not allowed. However, individual accounts are used normally to offset personal costs for a student for an event or trip.

Raffles

By State law, schools and the District are not allowed to hold raffles. Only raffles held according to the terms of the Charitable Raffle Enabling Act are authorized raffles. The law is Chapter 2002, Occupations Code, Texas Codes Annotated.

Some examples of unlawful raffles include any raffle that is:

- Conducted by an individual
- Conducted by a for-profit business
- Conducted by a charity that has no members or otherwise does not qualify

The following information was downloaded from the Texas Attorney General's website at www.oag.state.tx.us/consumer/raffle.shtml.

What does the law permit?

The Charitable Raffle Enabling Act, effective January 1, 1990, permits "qualified organizations" to hold up to two raffles per calendar year, with certain specified restrictions.

What is a "qualified organization"?

In general, a qualified organization is:

- a) A nonprofit association organized primarily for religious purposes that has been in existence in Texas for at least 10 years;
- b) A nonprofit volunteer emergency medical service that does not pay its members other than nominal compensation;
- c) A nonprofit volunteer fire department that operates fire fighting equipment, provides firefighting services, and does not pay its members other than nominal compensation; or
- d) **A nonprofit organization that has existed for at least three preceding years, during which it has had a governing body duly elected by its members and is exempt from federal income tax under Section 501(c), Internal Revenue Code; does not distribute any of its income to its members, officers or governing body; does not devote a substantial part of its activities to attempting to influence legislation; and does not participate in any political campaign.**

The language of the law is very technical. If you are considering holding a raffle to benefit an organization, you should check the statute to be sure you qualify.

What prizes may be offered?

A qualified organization may offer any prize except money. If the raffle organizers offer a prize which they have purchased or have given other consideration for, the value of the prize may not exceed \$50,000. There is no value limit on prizes donated to the organization. Texas lottery tickets may be purchased and offered as prizes, even though the tickets' payoff may exceed \$50,000. The organization must have each raffle prize in its possession or must post a bond for the full amount of the value of the prize with the county clerk of the county where the raffle will be held.

Is an organization required to register with the State before conducting a raffle?

No.

What are the restrictions on how the raffle may be conducted?

- A qualified organization may hold only two raffles per [calendar] year and only one raffle at a time.
- Raffle tickets may not be advertised state wide or through paid advertisements. Each raffle ticket must state the name of the organization holding the raffle, address of the organization or of a named officer of the organization, the price of the ticket, a general description of each prize to be awarded that has a value of over \$10, and the date the raffle prizes will be awarded.
- A prize may not be money.

- Only members of the organization, or student organizations recognized by institutions of higher education selling on behalf of the institution, may sell tickets.
- No one may be compensated directly or indirectly for organizing or conducting a raffle, or for selling raffle tickets. The organization may not permit a non-member or other unauthorized person to sell or offer to sell raffle tickets.

How may the proceeds from ticket sales be used?

Proceeds from ticket sales must be used only for the charitable purposes of the organization.

Are there any penalties for conducting or participating in an unauthorized raffle?

Yes. Only raffles held according to the terms of the Raffle Enabling Act are authorized raffles. An unauthorized raffle is considered gambling under the Texas Penal Code. Conducting such a raffle is a Class A misdemeanor. Participating in an unauthorized raffle is a Class C misdemeanor.

What law enforcement authorities may stop an unauthorized raffle?

A county attorney, district attorney or the attorney general may bring an action in state court to stop a violation or potential violation of the Charitable Raffle Enabling Act.

Where can I get more information on the requirements for holding a raffle?

For more information on conducting a raffle, please read Chapter 2002, Charitable Raffles, Occupations Code, Texas Codes Annotated.

Waco ISD’s Internal & Systems Control Department does not possess expertise nor authority over raffle rules. The information included in these guidelines serves as a source of general information. If you have specific questions about the law, please consult an attorney with expertise in this area. Also, for more information, please call the Attorney General’s office or refer to their Web site at www.oag.state.tx.us

Consumer Information

For more information, call the Attorney General's Consumer Protection Hotline at 1-800-621-0508, or contact your nearest Attorney General regional office.

Location	Phone Number
Austin	512-463-2185
Dallas	214-969-5310
El Paso	915-834-5800
Houston	713-223-5886
Lubbock	806-747-5238

McAllen	956-682-4547
San Antonio	210-225-4191

All consumer complaints must be made in writing. Please call or write for a complaint form.
Write to:

Office of the Attorney General
P.O. Box 12548
Austin, Texas 78711-2548

Complaint forms and additional information can also be found in the Consumer Protection section of our website, at www.oag.state.tx.us.

Record Retention

Booster Clubs should establish a record file that is passed to the new officers each year. Some items need to be kept indefinitely while other items only need to be kept for a certain length of time. The record file should contain at least the following items on a permanent basis:

Permanent Records

Internal Records

- Booster Club Registration & Approval Form
- Articles of Incorporation/Articles of Association
- Bylaws/Charter/Constitution
- Minutes from meetings

State Records

- Sales Tax Permit Application
- Sales Tax Permit
- Certificate of Incorporation from State of Texas (if applicable)
- State Sales Tax Exemption Notification
- State Franchise Tax Exemption Notification (if incorporated)

Federal Records

- Copy of IRS Form SS-4, Application for Employer Identification Number
- Copy of IRS Form 1023, Application for Recognition of Exemption, with all attachments

- Copy of IRS Form 8718, User Fee for Exempt Organization Determination Letter Request, and copy of check sent to IRS with this form
- Acknowledgement of Your Request
- Determination Letter
- Copy of IRS Form 8734, Support Schedule for Advance Ruling Period
- IRS's notice granting a permanent exempt status to the organization, if applicable

For non-permanent records, the Texas Comptroller's Office and the IRS have different retention periods as discussed below. In addition, certain circumstances, such as fraud, would allow the retention period to be extended beyond the normal requirement.

According to the Texas Comptroller's Office, this office has four (4) years from the date the tax becomes due and payable in which to assess the liability. This statute of limitations may be extended beyond the four (4) years, if an agreement is made in writing between the Texas Comptroller's Office and the Booster Club. In cases of fraud, or **if the sales tax returns have not been filed**, the statute of limitations does not apply and the Texas Comptroller's office may assess and collect taxes, penalties, and interest at anytime. The statute of limitations does not apply when information contained in the sales tax report contains a gross error and the amount of tax due and payable after the error is corrected is 25% or more than the amount initially reported. In addition, other exceptions to the statute of limitations may apply.

According to the IRS, Booster Clubs must keep each annual information return (i.e., Form 990, Form 990-EZ, or Form 990-N) for 3 years from the date the form is required to be filed or from the date the form is actually filed, whichever is later. However, if fraud is suspected or if returns have not been filed as applicable, the IRS could request information prior to the 3-year period discussed above.

In considering the requirements of the Texas State Comptroller's Office and the IRS, the record file should contain at least the following items for a minimum of the current year and the four (4) previous years:

Non-permanent Records

Internal Records

- Financial Reports and Review Committee Reports
- All financial backup including checkbook and banks records
- Information related to contributions received by a Booster Club from individuals or businesses
- Financial Aid Guidelines

State Records

- Sales Tax Forms Filed
- Copy of correspondence with the Texas Secretary of State and the Texas Comptroller's Office

Federal Records

- Copy of IRS Forms 990, 990-EZ, or 990-N filed
- Copy of correspondence with the IRS

Before discarding any records, confirm with the Texas Comptroller's Office and the IRS that your organization is in good-standing and that no open items or issues exist related to the time period involving the records that you would like to discard.

IMPORTANT

According to IRS disclosure requirements, if someone requests to view any of your tax applications, forms filed, or tax returns, you must provide complete copies of the material.

You may charge a nominal fee for copying, not to exceed the current governmental rate of \$.20 per page plus postage.

Sales Tax

For fund-raisers in which sales tax must be collected, the Booster Club can sell items at a certain price plus sales tax or sales tax may be included in the price. Including sales tax in the price and having the price an even amount such as \$10.00 or \$10.50 is an easy method to use; however, you need to be careful to avoid paying sales tax on sales tax.

If sales tax is included in the price of the items:

If your sales price included sales tax, you need to do the following calculation to determine your correct amount of sales and sales tax:

$$\begin{aligned} & \text{TOTAL FUNDS RECEIVED DIVIDED BY (1.0 + TAX RATE)} \\ & \qquad \qquad \qquad = \text{SALES AMOUNT EXCLUDING TAX} \end{aligned}$$

EXAMPLE:

If total receipts are \$1,000 including tax and the tax rate is 8 ¼ % or .0825.

$$\$1,000 \div 1.0825 = \$923.79 \text{ Taxable Sales}$$

$$\$923.79 \times .0825 = \$76.21 \text{ Sales Tax}$$

Your customer must be informed that sales tax is included in the sales price. A posted sign or a statement on a receipt indicating that tax is included may be used.

If sales tax is charged in addition to the price of the items:

If sales tax is not included in the sales price, then taxable sales equals the no. of items sold multiplied by the sales price. For example, if you sold 100 T-shirts for \$10 each, the taxable sales is \$1,000.

$$100 \text{ T-shirts sold} \times \$10 = \$1,000 \text{ Taxable Sales}$$

Sales tax would then be calculated as Sales price multiplied by the tax rate. If you sold 100 T-shirts for \$10 each, you would collect at least \$82.50 in tax. There may be a little difference due to rounding.

$$\$1,000 \times .0825 = \$82.50 \text{ Sales Tax}$$

Student Fines and Fees List

Booster Clubs may have students or parents who do not submit money for fund-raisers or expenses, resulting in amounts owed to the Booster Club. Since these amounts relate to Booster Club activities, they cannot be placed on the school's Student Fines and Fees List. If a Booster Club wishes to pursue recovery of these amounts, they must do so independently from the District and school.

***Example:** High Spirit Booster Club held a catalog fund-raiser and \$400 is still owed to the Booster Club by Trusty Smith, the father of Jane Smith, one of students in the group they support. Trusty received the merchandise, but never paid for it.*

*The Booster Club may pursue trying to recover the money or merchandise from Trusty. However, they **may not** contact the school to include the \$400 on the school's Student Fines and Fees List as an amount owed by Jane Smith to the school.*

Treasurer's Report

At each Booster Club meeting that includes its general membership, the Treasurer must present a written Treasurer's report of the money received and expended since the last report.

Volunteering

The District requires volunteers to have a Criminal History and Background Check. Please refer to the following link to find out about the steps that need to be followed.
<http://www.wacoisd.org/cms/one.aspx?portalId=428&pageId=4500>
For more information, please contact Waco ISD Communications Department at (254)755-9435.