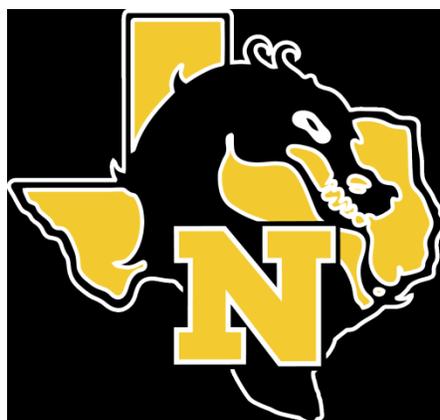


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Parent Organization / Booster Club Guidelines



Nacogdoches I.S.D.

**Parent Organization / Booster Club Guidelines
Nacogdoches ISD**

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Section 1. NISD Board Policies: GE (LEGAL) & GE (LOCAL)

GE (LEGAL):

Nacogdoches ISD
174904

RELATIONS WITH PARENT ORGANIZATIONS

GE
(LEGAL)

PARENT-TEACHER ORGANIZATIONS The Board shall cooperate in the establishment of ongoing operations of at least one parent-teacher organization at each school in the District to promote parental involvement in school activities.
Education Code 26

GE (LOCAL):

Nacogdoches ISD 174904

District-affiliated school-support organizations and booster organizations, and other parent groups, shall organize, fundraise or solicit donations, and function in a way that is consistent with the District's philosophy and objectives, Board policies, District administrative regulations, applicable UIL or other governing association guidelines, and financial and audit regulations. [See also CDC and CFC]

SPECIFIC RULES

Each District-affiliated school-support parent organization or other booster organization shall submit the following to the Superintendent or designee by October 1 each year:

1. A copy of the organization's bylaws;
2. The name, address, and telephone number of each serving officer;
3. The name, address, and telephone number of the depository for the organization's funds; and
4. A financial report, as specified in this policy and in administrative regulations. Each District-affiliated school-support parent organization or other booster organization shall also be subject to the following rules:

Each District-affiliated school-support parent organization or other booster organization shall also be subject to the following rules:

1. The Superintendent or designee shall have veto power over any action of a District-affiliated school-support parent organization or other booster organization.
2. All fundraising projects shall be subject to approval from the applicable principal prior to implementation and to any applicable state and federal guidelines regarding fundraising.
3. No District-affiliated school-support parent organization or other booster organization shall have authority to direct any school employee in any of his or her duties or to guide, direct, or establish guidelines for any school-sponsored activity or student activity.
4. All meetings of District-affiliated school-support parent organizations and other booster organizations shall be open to the public.
5. No District-affiliated school-support parent organization or other booster organization shall make a final determination regarding use of donations of money or other gifts given to a school. A District-affiliated school-support parent organization or other booster organization may suggest or recommend a particular use for a gift or donation; however, the Superintendent or principal shall have sole discretion whether to use a gift or donation for a particular campus or program indicated by the organization. No gift shall be used in a way that violates UIL guidelines. [See CDC(LOCAL) for District acceptance of gifts and solicitations]

FINANCIAL REPORT

Each District-affiliated school-support parent organization or other booster organization that collects dues or solicits funds, shall submit to the Superintendent annually, prior to October 1, a financial report and supporting documentation as outlined in this policy and in administrative regulations. The annual report shall include the period covering September through August and must be completed prior to acceptance of financial data by new officers.

The Board reserves the authority to order an audit of an organization's funds at any time. In the event that an organization is notified of possible financial improprieties, the organization shall promptly respond, and shall cooperate with the District's auditors if the Board orders an audit.

Nothing in this policy or in the auditor's review process shall be construed as an assumption of responsibility by the District or its auditors for the financial affairs of governance of any District-affiliated school-support parent organization or other booster organization.

RELATIONSHIP WITH THE DISTRICT

If any District-affiliated school-support parent organization or other booster organization fails to comply with Board policy or the District's administrative regulations or fails or refuses to remedy financial improprieties, the Board may deny that organization the right to use the name of the District or any of its schools or school-sponsored activities and may take further steps, if necessary, to sever relations with the organization and dispel any appearance of a District relationship with the organization. [See CY]

USE OF DISTRICT FACILITIES

District-affiliated school-support or booster organizations may use District facilities with prior approval of the appropriate administrator. Other parent groups may use District facilities in accordance with policy GKD.

Section 2. Introduction – The Importance of Parent Organizations

Parent Organizations and Booster Clubs are highly valued at Nacogdoches Independent School District. They encourage and give an avenue for parents to become involved in their children's education and provide invaluable additional resources to campuses and student organizations in an era of ever tightening school budgets.

Administrative regulations, district's philosophy, and objectives for all booster clubs and parent organizations are outlined in this booklet.

It is important to note that all parent organizations and booster clubs are permitted to use the district's name and facilities at the sole discretion of the school district. The school board and administration reserve the right to prohibit further association with the District if it is determined that the organization is not following the administrative regulations, is acting in a fiscally irresponsible manner or failing to serve the best interests of the students of Nacogdoches ISD.

Failure to follow all administrative regulations outlined in this booklet will result in disciplinary action against the organization, up to and including a possible order to disband issued by the Superintendent.

Section 3. Questions to Answer Before You Commit

Parent Organizations/Booster Clubs provide an important support function to student groups; however, they also require a strong commitment from members to work properly. Therefore, deciding whether or not to form or continue a Parent Organization/Booster Club is a difficult decision that requires careful consideration of the pros and cons.

Interested parents should discuss these issues with each other as well as the Sponsor of the student group and the School Principal or Administrator.

It is important to remember that parents do not have to form a Parent Organization/Booster Club 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 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 Parent Organization/Booster Club:

1. Why do I want to form or join a Parent Organization/Booster Club?
2. What can a Parent Organization/Booster Club accomplish that cannot be achieved through the use of a Student Activity Fund?
3. Do I have time to commit to a Parent Organization/Booster Club?
4. Are there enough parents with time to commit to a Parent Organization/Booster Club?
5. Have I spoken with other similar Parent Organizations/Booster Clubs to determine what benefits/problems they have experienced?
6. Am I willing to perform the necessary research, training, and paperwork to be in compliance with all District, UIL, state, and federal regulations?

Section 4. Administrative Requirements

- **BY-LAWS**

All parent organizations must have an elected board of officers and their own set of by-laws that govern the activities and procedures to be followed by the organization. Provisions within these by-laws are not permitted to be in conflict with school board policies, administrative regulations and district handbooks. By-laws for your organization should be reviewed on a yearly basis.

- **OFFICERS**

Below are recommendations regarding best practices for Booster Club officials. Each organization should review its specific by-laws with regard to officer elections and duties.

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

Individuals elected to officer positions in a Booster Club must have a child actively involved in the NISD program served by the Booster organization.

PRESIDENT

Typically, the president of a Booster Club is an individual who has previously been active in the organization. The major duties can include, but are not limited to, the following:

- Preside at all meetings of the organization;
- Regularly meet with the designated campus representative regarding Booster Club activities;
- Resolve issues in the membership;
- Regularly meet with the treasurer of the organization to review the organization's financial position;
- Select an officer as the designee to receive bank statements;
- Schedule an annual audit of records or request an audit if the need should arise during the year;
- Perform any other specific duties as outlined in the bylaws of the organization.

VICE-PRESIDENT

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

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

Note: Larger Booster Clubs may find it necessary to elect several vice presidents with responsibility over different areas. Such positions shall be clearly defined in the by-laws of the organization.

SECRETARY

The secretary is responsible for keeping accurate records of the proceedings of the organization and reporting to the membership. The secretary should ensure the accuracy of the minutes of the meetings, and should have a thorough knowledge of parliamentary law and the organization's bylaws. The major duties can include, but are not limited to, the following:

- Report on any recommendations made by the executive board of the Booster Club if such a governing board is defined by the bylaws;
- Maintain the records of the minutes, approved bylaws and any standing committee rules, current membership and committee listing;
- Record all business transacted at each meeting of the association as well as any executive board meetings in a prescribed format;
- Maintain records of attendance of each member;
- Conduct and report on all correspondence on behalf of the organization;
- Other specific duties as outlined in the bylaws of the organization.

TREASURER

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

- Issue a receipt for all monies received and deposit said amounts in a timely manner;
- Present a current financial report to District administration, including bank statements, bank reconciliations, and financial statements (Copies should be available for review by the general membership if requested);
- File current financial reports at the end of each year with the Business Services Department;
- Maintain an accurate and detailed account of all monies received and disbursed;
- Reconcile all bank statements as received and resolve any discrepancies with the bank immediately;
- File sales tax reports as required by the comptroller's office (monthly, quarterly, or annually);
- File annual IRS form 990, 990-N or 990-EZ in a timely manner;
- Other specific duties as outlined in the bylaws of the organization.

- **COMMITTEES**

Below is information regarding common committees that Booster Clubs may consider forming. Each organization should review its specific by-laws with regard to standing and ad hoc committees.

Special Committees

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

Nominating Committees

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

Audit Committees

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

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

The audit committee shall make a report to the general membership upon completion of the audit. Any discrepancies noted shall be brought to the attention of the president of the organization and a resolution reached prior to presentation. All officers of the organization shall make records available as requested by the committee. At the end of the audit, the audit committee should produce a financial certification, an audit report, an income statement and a balance sheet.

- **INCORPORATION AND 501C3 STATUS**

All parent organizations must incorporate and obtain 501 (c)(3) non-profit status through the IRS. Benefits include the ability to make tax-free purchases, thereby providing additional monies to the organization; liability protection for the personal property of your officers should they be exposed to any allegations of fraud, and even reduced insurance rates for liability or bonding insurance. **Parent organizations and booster clubs are not permitted to use the school district's tax identification number or status to make purchases or obtain lines of credit.** Also, sales of fundraising items by organizations with official non-profit status are subject to the payment of taxes. Just calling your organization a "nonprofit" doesn't make it official. It is important to incorporate **before** you file for tax-exempt status with the IRS. Steps for obtaining 501(c)(3) status, as well as state tax exemption status, can be found at the back of this handbook.

- **MISSION STATEMENT AND/OR GOALS**

At the start of a new school year, the membership of each parent organization or booster club must review/revise the organization's mission statement or goals from the previous year. Useful questions to consider include: What is the main purpose of the organization? What will be the major avenue for fundraising? What are the objectives of the fundraising and what are the main items to be purchased (field trips, scholarships, supplies & equipment, etc.)? Having your membership vote on these issues at the beginning of the school year can avoid future disagreements.

- **RECONCILIATION OF ACCOUNTS**

The Treasurer of each organization must reconcile all bank account statements on a monthly basis and present the results each month to a meeting of the organization's officers or full membership.

- **FORMS AND DOCUMENTATION**

It is recommended that each parent organization create specific forms to be used for all financial transactions, from requesting a check to requesting reimbursement. These forms should be attached to monthly reconciliations and kept on file.

- **TAXES**

It is very important that parent organizations understand what types of sales tax they are responsible for and that these taxes are paid on time and in full. Records should be maintained and stored for at least a five year period in case of audit.

- **YEARLY AUDIT**

All parent organizations shall have a yearly audit performed and submit summary information to the designated campus administrator on a form supplied by the district. All request forms should match up with a receipt and all checks should match up with an invoice. Having an outside auditor or audit committee ensures that the books of the organization are accurate and up-to-date and alerts the membership to any discrepancies before too much time has passed. An annual audit also encourages your members to follow recommended procedures throughout the year. It is not necessary to hire a CPA or a certified auditor to perform this function.

Committee of club members or even the treasurer of a neighboring club could perform this function.

Section 5. State and Federal Regulations

If you have decided to form or continue a Parent Organization/Booster Club, you must complete the process of creating your own identity with the State of Texas and the Internal Revenue Service. You will need to obtain a Texas Sales Tax Permit if you intent to sell any goods or taxable services in Texas. In order to apply for this permit, you will first need to obtain an Employer Identification Number (EIN) from the Internal Revenue Service to establish your identity as an organization.

In order to make sales tax exempt purchases of items intended for resale at a fundraiser, you must first apply for and obtain tax-exempt status from the IRS and then apply separately for the state exemption from Texas limited sales, excise, and use tax.

Parent Organizations/Booster Clubs are not permitted to use the school district's Sales Tax Permit number or tax-exempt status for purchases.

This section has been prepared to provide general, not specific or all-inclusive, information to Parent Organizations/Booster Clubs regarding state tax regulations. Steps have been documented to aid a Parent Organization/Booster Club in abiding by the regulations; however, these steps are only general guidelines and do **not** ensure that a Parent Organization/Booster Club will remain in compliance with all state tax regulations.

Each Parent Organization/Booster Club should strive to remain in good standing with all state agencies. **Therefore, each Parent Organization/Booster Club is responsible for obtaining its own competent independent counsel on accounting and tax matters related to its specific circumstances.** This counsel may include a Certified Public Accountant (CPA) or an attorney. The cost of these services will be the Parent Organization's/Booster Club's responsibility.

Parent Organization/Booster Club officers are solely responsible for ensuring that their Parent Organization/Booster Club is in compliance with all state regulations. Therefore, the District, including any District employee, is not responsible for a Parent Organization/Booster Club not being in good standing with all state agencies. However, the District has provided the following information that includes detailed steps Parent Organizations/ Booster Clubs should take to comply with state tax regulations.

Step One: Elect officers, create bylaws, and prepare and sign “Articles of Association” or “Articles of Incorporation”

Both the IRS and the State of Texas require that each Parent Organization/Booster Club have an organizing document to establish the official formation of the organization. Decide if your Parent Organization/Booster Club will be an association or a corporation and prepare the necessary organizing document.

An association will prepare and sign “Articles of Association” as an organizing document; however, this document **will not be filed** with the Texas Secretary of State. The date the final document is signed by at least two officers or board members is considered the beginning date of the organization.

A corporation will prepare and sign “Articles of Incorporation” as an organizing document **to be filed** with the Texas Secretary of State. The date the Articles of Incorporation is filed by the state is considered the beginning date of the organization. You should receive a copy of your Articles of Incorporation from the Texas Secretary of State showing the state’s “filed” stamp and/or you will receive a Certificate of Filing.

Benefits of Incorporation:

- Formalize organization and provide standardized operating procedures through Articles of Incorporation and Bylaws.
- Helps shield the individuals governing and operating the nonprofit organization from liabilities incurred by the organization, unless the individuals are negligent in their duties.

Step Two: Apply for an Employer Identification Number (EIN) with the IRS

The IRS requires that all organizations obtain a unique Employer Identification Number (EIN) for identifying itself as a unique entity. The IRS prohibits Parent Organizations/Booster Clubs from using their school district’s EIN.

An EIN may be obtained by completing IRS Form SS-4 (Application for Employer Identification Number.) The online application can be located at :

<http://www.irs.gov/businesses/small/article/0,,id=102767,00.html>

No fee is required for obtaining an EIN. After receiving your EIN, you may use it to open a bank account and obtain a Texas State Sales Tax permit. Parent Organizations/Booster Clubs should **not** use an individual’s social security number to open an account and conduct the business of the organization.

Step Three: Apply for a Sales Tax Permit with the Texas State Comptroller Office

Organizations must obtain a Texas Sales Tax Permit if you intend to sell goods or taxable services in Texas. This includes fund raisers, such as catalog sales, candy sales, and other items. A Texas Sales Tax permit may be obtained by submitting the completed applications to the Texas State Comptroller's Office. A Texas Sales Tax Permit will be issued to the organization along with a Sales Tax permit number.

Step Four: Apply for federal tax-exempt status as a 501(c)(3) Organization

Some benefits of obtaining tax-exempt status include:

1. Taxes are not paid to the IRS for revenues raised,
2. Contributions to tax-exempt organizations are tax-deductible by the contributor, and
3. Tax-exempt organizations are not required to file an information return (Form 990) unless the organization's annual gross receipts exceed \$25,000.

To apply for 501(c)(3) tax-exempt status:

1. Complete IRS Package 1023 (Application for Recognition of Exemption) seeking tax-exempt status as a public 501(c)(3) organization.
2. Complete IRS Form 8718 (User Fee for Tax-Exempt Organization Determination Letter Request) and pay the required fee of \$300 or \$750.
3. Mail Package 1023, Form 8718, and a check for the filing fee to:

IRS
P.O. Box 192
Covington, KY 41012-0192

If a Parent Organization/Booster Club has not obtained tax-exempt status from the IRS, that Parent Organization/Booster Club is a taxable entity. Taxable organizations operate under different guidelines than tax-exempt organizations and are required to submit Form 1120 (U.S. Corporation Tax Return) annually. Form 1120 must be filed each year no matter the amount of the gross receipts.

Since the District Parent Organization/Booster Clubs should be public 501(c)(3) organizations, the IRS guidelines concerning taxable organizations are not included in this handbook. Taxable organizations should obtain their own competent independent counsel, such as a CPA, on accounting and tax matters related to their specific circumstances. The cost of the counsel would be the Parent Organization's/Booster Club's responsibility.

Step Five: Apply for a limited exemption from Texas sales, excise, and use tax with the Texas State Comptroller's Office.

The Texas limited sales, excise, and use tax exemption allows approved organizations an exemption from sales tax when purchasing items to further the organization's exempt purpose. Therefore, this limited exemption allows the approved Parent Organization/Booster Club to make sales tax-exempt purchases of items intended for resale for a fund-raiser. **This exemption process is separate and in addition to applying for federal tax-exemption from the IRS.** Only those Parent Organizations/Booster Clubs that have obtained tax-exempt status from the IRS may apply for the state exemption from Texas limited sales, excise, and use tax.

Parent Organizations/Booster Clubs may request exemption from the Texas limited sales, excise, and use tax by submitting the following to the Texas State Comptroller's Office:

1. Cover letter with the organization's name, mailing address, and Sales Tax Permit Number. Specifically request an exemption from "sales and use tax." Include the name and daytime phone number of the organization's contact person in case the Texas State Comptroller's Office has any questions.
2. Written statement detailing the nature of the activities conducted or to be conducted.
3. Copy of the bylaws.
4. Copy of the Articles of Incorporation, if the Parent Organization/Booster Club is incorporated.
5. Copy of the Determination Letter from the IRS granting the Parent Organization/Booster Club tax-exempt status.
6. Copy of the Parent Organization's/Booster Club's constitution or any applicable trust agreement.

The Texas State Comptroller's Office may require a Parent Organization/Booster Club to furnish additional information including, but not limited to, documentation showing

- all services performed by the organization and
- all income, assets, and liabilities of the organization.

No fee is required to apply for this exemption.

The information should be mailed to:

Exempt Organizations
PO Box 13528
Austin, TX 78711

After a review of the information, the Texas State Comptroller's Office will notify the Parent Organization/ Booster Club in writing if the organization qualifies for the exemption. This review process may take about 2 to 3 weeks.

The exemption from the Texas limited sales, excise, and use tax (limited exemption) allows the approved Parent Organizations/Booster Clubs to make tax-exempt purchases of items intended for resale for a fund-raiser. The Parent Organization/Booster Club must present the vendor with a Texas Resale Certificate in order to purchase the items for resale tax-free. In addition, the certificate must state the Parent Organization's/Booster Club's Sales Tax Permit Number to be valid. Parent Organizations/Booster Clubs may request the Texas Resale Certificate from the Texas State Comptroller's Office.

The Parent Organizations/Booster Clubs with the limited exemption are entitled to two (2) "one-day, tax-free" sales or auctions per calendar year. A fund-raiser qualifies for the "one-day, tax-free" sale/auction if all items are to be delivered on one day. Each "one-day" sale/auction may not exceed 24 consecutive hours.

Remember: You must be granted the limited exemption first to be entitled to the two (2) "one-day, tax free" sales or auctions per calendar year. Sales of items such as T-shirts, candles, cups, etc. are subject to sales tax when sold on days other than the two (2) "one-day, tax-free" sale/auction days.

Parent Organizations/Booster Clubs that are taxable organizations or Parent Organizations/Booster Clubs that have not received approval for the limited exemption from the Texas State Comptroller's Office must pay sales tax on all applicable purchases and must collect sales taxes on all taxable items sold.

Parent Organizations/Booster Clubs that do not have an exemption are not entitled to any "one-day, tax-free" sales/auctions.

The Texas State Comptroller's Office requires that Parent Organizations/Booster Clubs file at least one sales tax report per calendar year. The frequency of filing the sales tax report is determined by the Texas State Comptroller's Office. The amount of anticipated sales tax payments affects the frequency of reporting as follows:

- If projected yearly sales tax payments are \$1,000 or less, sales tax reports are filed annually.
- If projected yearly sales tax payments are more than \$1,000, sales tax reports are usually filed quarterly.

Since sales tax payments may vary from year to year, the frequency of reporting can also change. The Texas State Comptroller's Office will generally communicate changes in filing requirements to the Parent Organizations/Booster Clubs in writing. In addition, the Texas State Comptroller's Office will generally mail the required reporting form and information to organizations that have obtained a Sales Tax Permit.

The franchise tax serves as Texas' primary business tax. The tax is levied on corporations, including bank corporations, and limited liability companies that are chartered in Texas for the privilege of doing business in Texas. Non-corporate organizations, such as partnerships, associations, and proprietorships are excluded from the tax. Therefore, if a Parent Organization/Booster Club is incorporated, they are subject to franchise tax.

However, Parent Organizations/Booster Clubs that have received their Determination Letter from the IRS granting 501(c)(3) tax exemption may also request exemption from the Texas franchise tax through the Texas State Comptroller's Office.

Although a nonprofit corporation that is exempt from federal income tax under Internal Revenue Code 501(c)(3) is exempt from franchise tax, the exemption is **not automatically granted**. Parent Organizations/Booster Clubs must write to the Texas State Comptroller's Office requesting franchise tax exemption by submitting the following:

1. Cover letter with the organization's name, mailing address, and Sales Tax Permit Number. Specifically request an exemption from "franchise tax." Include the name and daytime phone number of the organization's contact person in case the Texas State Comptroller's Office has any questions.
2. Written statement detailing the nature of the activities conducted or to be conducted.
3. Copy of the bylaws.
4. Copy of the Articles of Incorporation, if the Parent Organization/Booster Club is incorporated.
5. Copy of the Determination Letter from the IRS granting the Parent Organization/Booster Club tax-exempt status.
6. Copy of the Parent Organization's/Booster Club's constitution or any applicable trust agreement.

The Texas State Comptroller's Office may require a Parent Organization/Booster Club to furnish additional information including, but not limited to, documentation showing

1. All services performed by the organization and
2. All income, assets, and liabilities of the organization.

No fee is required to apply for this exemption. In addition, exemption from sales and use tax can be requested within the same letter.

The information should be mailed to:

Exempt Organizations
PO Box 13528
Austin, TX 78711

If you have additional questions regarding the information discussed above, you may contact:

Texas State Comptroller's Office

Austin Office 1-800-252-5555 (toll-free)

Exempt Organizations Department 1-800-531-5441 ext. 34142

Website addresses

Texas State Comptroller's Office: www.window.state.tx.us

Sales Tax Information: www.window.state.tx.us/taxinfo/salestax.html

Internal Revenue Service

Main Number 1-800-829-1040 (toll-free)

Tax-exempt Organizations 1-877-829-5500 (toll-free)

Tax Forms & Publications 1-800-829-3676 (toll-free)

Website addresses

IRS Home Page: www.irs.gov

Tax-exempt Information: www.irs.gov/charities/index.html

Tax Forms & Publications: www.irs.gov/formspubs/index.html

Section 6. Purchasing for Your Campus / Students Administrative Requirements

- **All funds raised by the club are to be used to support school activities. Earnings by a properly organized booster club may not benefit any private shareholder or individual.**
- Coaches and directors of UIL academics, athletics and fine arts may not accept more than \$500 in money, product or service from any source in recognition of or appreciation for coaching, directing, or sponsoring UIL activities. The \$500 limit is cumulative for a calendar year and is not specific to any one particular gift.
- All fundraisers **must** be approved in advance by the campus principal on a form to be provided by the district.
- Campus Principal **must** approve all donations/purchases for the campus

It is important to consult with the campus principal or designee before making any purchases or donations to the school or its students. Principals must act in accordance with district policies, campus improvement plans, and state and local laws and must have the ability to accept or reject any proposal from an outside parent organization. Prior approval also prevents the strained feelings that can result when an unauthorized purchase or donation must be rejected.

- Superintendent **must** approve all capital projects/physical additions to school property

Any additions to the building, such as marquees, playground equipment, greenhouses and gardens, or expansions to the campus are subject to building codes and regulations and can alter the approved master plan of the campus. Installation costs, permits, and monthly maintenance costs are often overlooked by well meaning parent organizations when donations of this type are planned, and the school district budget cannot always make up the difference. The superintendent's, and possibly the school board's, approval must be obtained in writing before any capital improvements are planned by a parent organization.

- Technology/Equipment donations

The school district has an adopted technology plan as a component of the District Improvement Plan. All technology purchases **must** be aligned with this plan to ensure compatibility with existing equipment. While we appreciate the desire of many parent organizations to donate gently used or outdated technology equipment, all too often we are unable to install them on our network. Please consult with the campus principal before offering any donated equipment.

- Field Trips

Trips must be approved by the campus principal and student participants must comply with all school requirements for attending, including parent consent forms.

- University Interscholastic League (UIL) Regulations

The University Interscholastic League (UIL) governs the activities of academic and athletic booster clubs. A copy of the current UIL Booster Club guidelines can be found at the end of this booklet. It is important that all booster clubs read and follow these guidelines to avoid violating athletic amateur rules or finance regulations.

Section 7. Fraud Prevention: Recommendations

Unfortunately, fraud is quite prevalent in our society. What causes a person to cross the line and commit fraud? The most commonly accepted explanation concerns the presence of three factors: motive, opportunity, and rationalization. Removing even one of these three factors can substantially reduce your organization's vulnerability to fraud.

- Vote on all purchases made by the organization

In order to ensure consensus and protect the member doing the purchasing, it is recommended that the officers or membership of an organization vote to approve all purchases in advance, regardless of the size of the purchase. This allows the Treasurer to match all invoices or reimbursement requests with board meeting minutes to authenticate all purchases and keeps members from "impulse buying".

- Require two signers on all organization checks

Even if more than two officers in the organization are authorized to sign checks, no checks should be issued by any one individual. Requiring two authorized signatures on every check helps to remove the opportunity for an individual to commit fraud and protects your individual officeholders from suspicion. Make sure to update signature cards at your bank annually and inform them of your two signature requirement. Checks for your organization can be printed with two signature lines at the bottom.

- Avoid the use of credit cards and cash advances

Credit cards seem to be more convenient than checks, but their use provides an easier avenue to fraud. Keeping track of receipts and ensuring the legitimacy of purchases is difficult since only one person is needed to make the transaction. Checks might be a bit slower, but they are infinitely safer, easy to match up with invoices and allow you to check to see whether or not the purchase is approved before issuance. Failing to pay a credit card balance in time every month can result in high interest rate charges for your organization, which tends to happen over the summer or during holiday breaks. Due to the difficulty in keeping accurate records, no organization should allow cash advances for its members. Deposit all cash/checks immediately

Money should ideally be deposited immediately at the close of the business day or after the fundraising event. If same-day deposits are not possible or feasible, cash and checks should be locked in the campus safe. Members should never be allowed to take money home or lock it in their vehicle overnight.

- Always count cash with a witness

It is a good idea to always have two people present for all cash transactions, whether it is selling tickets or counting out cash receipts. Both members should be required to sign a form that states the total received or sold. Limiting the number of members who actually handle cash is a good idea. This allows for focused training on cash handling procedures for a limited number of members and ease of investigation in case of allegations of wrongdoing.

- Keep long term data on fundraisers

Knowing approximately how much to expect from a fundraiser can be the first tip-off that fraud may have been committed. If your annual candle sale has always brought in close to \$5000 over the past 5 years, a total profit of \$3000 can be a sign that fraud has occurred. Always be aware of how much money you should make from a sale and request an investigation as soon as any large discrepancies are discovered.

Section 8. Additional Resources

Resources for Non-Profit Groups www.boosterclubs.org – North American Booster Club Association

www.ptotoday.com – PTO Today magazine website

www.nprc.org – Nonprofit Resource Center of Texas

www.tano.org – Texas Association of Nonprofit Organizations

www.sos.state.tx.us/corp/nonprofitfaqs.shtml - Nonprofit Frequently Asked Questions: Texas Secretary of State.

www.irs.gov – Internal Revenue Service

www.uil.utexas.edu – University Interscholastic League

(A copy of the UIL Booster Club Guidelines follows this page.)