



**RED OAK INDEPENDENT  
SCHOOL DISTRICT  
August 2022  
BOOSTER CLUB GUIDELINES**

*Red Oak Independent School District prepared these Guidelines to assist Booster Clubs in following various policies and regulations. ROISD is not an authority on specific accounting situations or tax-related issues concerning individual Booster Clubs; therefore, Booster Clubs should obtain competent independent counsel on accounting and tax matters related to their specific circumstances.*

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### **Booster Club Contact Info**

In addition to your Coach/Sponsor, other helpful contacts are provided below from school administration to other District personnel, State agencies, and Federal agencies.

Red Oak HS	Howard Gatewood, Principal DeeDee Guest, Secretary	Phone: 972-617-3535 Fax: 972-617-4796
Red Oak MS	Rob Waller, Principal Audrey Enloe, Secretary	Phone: 972-617-0066 Fax: 972-617-4786
Red Oak Athletics	Chris Anderson, Director Tammy Howard, Secretary	Phone: 972-617-4635 Fax: 972-617-4790
Red Oak Fine Arts	Jason Nitsch, Director	Phone: 469-

#### **State Contacts**

University Interscholastic League	512-471-5883	<a href="http://www.uiltexas.org">www.uiltexas.org</a>
Texas Secretary of State	512-463-5555	<a href="http://www.sos.state.tx.us">www.sos.state.tx.us</a>
Texas Attorney General	512-463-2100	<a href="http://www.oag.state.tx.us">www.oag.state.tx.us</a>
Sales Tax (Sales Tax Permit, Exemption, Reports and Franchise Tax)		

General Information	1-800-252-5555
Exempt Organizations Department	1-800-531-5441 ext. 34142

#### **Federal Contacts**

IRS Exempt Status as a 501(c) (3) Organization and Tax Returns

General Information	1-800-829-1040	<a href="http://www.irs.gov">www.irs.gov</a>
Tax-exempt Organizations	1-877-829-5500	<a href="http://www.irs.gov">www.irs.gov</a>
Tax Forms & Publications	1-800-829-3676	<a href="http://www.irs.gov">www.irs.gov</a>

## Role of Booster Clubs in ROISD

Be they music, fine arts, academic or athletic, booster clubs should exist to enrich the experience of current student athletes and uphold the program's traditions without endangering their UIL eligibility.

The Booster Club Guidelines were prepared to assist Booster Clubs in meeting District, University Interscholastic League (UIL), State and Federal requirements. Therefore, it includes checklists, laws, regulations, policies, suggestions and examples for Booster Clubs to follow. The Guidelines includes items that must be followed by all Booster Clubs, such as District policies and guidelines, UIL guidelines, and State and Federal regulations. Other items include suggestions for improving your organization and related day-to-day activities.

Booster Clubs are parent organizations established to promote school programs or complement student groups or activities. A Booster Club'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. Even though a Booster Club works very closely with the District, it is a separate entity from the District.

**Therefore, the District greatly appreciates the time, effort and financial support that the Booster Clubs provide to our students.**

Booster Clubs support a particular student group or program through a Coach/Sponsor. The Coach/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 must approve various activities of both the student group and the related Booster Club. The main responsibilities of a Booster Club, a Coach/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 refreshment for a particular event or support may be as complex as raising money for an out-of-town competition. The Booster Club works through the Coach/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 Coach/Sponsor is responsible for the final decision with the Principal's or Administrator's approval.

**Coach/Sponsor** – A designated Coach/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 Coach/Coach/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 Coach/Coach/Sponsor should collaborate very closely with the Booster Club and provide guidance to the organization. The Coach/Coach/Sponsor would not be considered an officer or member of the Booster Club. However, the Coach/Coach/Sponsor shall approve all student/school-related activities of the Booster Club in accordance with Board Policy GE (Local) & UIL Regulations.

The appropriate ROISD Administrator is responsible for approving the activities of both the student group and the related Booster Club.

## **ROLE OF BOOSTER CLUBS**

Booster Clubs shall organize and function in a way consistent with the District's philosophy and objectives, within adopted Board policies, and in accordance with UIL regulations as applicable.

### **District Booster Clubs shall:**

1. Be voluntary and provide unified support for student activities of the school.
2. Encourage involvement by all parents of students participating in the supported activity.
3. Use school facilities only with prior approval of the principal or designee.
4. Obtain approval of the principal, athletic director, director of fine arts or designee for all fundraising activities.
5. Submit a copy of audited financial report to the Assistant Superintendent of District Operations no later than September 1 following the end of the fiscal year.
6. Submit the name, address, and telephone number of all current officers to the Assistant Superintendent of District Operations by September 1st. Two signatures will be required on all checks.
7. Provide evidence of adequate insurance coverage for activities conducted on school premises. The District cannot provide insurance coverage for Booster Clubs.
8. Pay all taxes and other debts incurred by the organization. (State sales tax and series 990 form to the IRS)
9. Comply with administrative regulations and Board policies when donating money or gifts to the District.
10. Comply with UIL guidelines, District policies, and Federal and state tax laws.
11. Obtain tax exempt status 501(c) (3).
12. Obtain an Employer Identification Number (EIN).
13. Must have bylaws that address all the topics listed in the UIL Guidelines.
14. Have volunteer paperwork complete. All booster club members are required to renew their ROISD volunteer application each year.
15. Follow all trademarking and advertising guidelines.

**District Booster Clubs shall NOT:**

1. Be involved in decision or policy making activities for a student group.
2. Give a sponsor or coach a gift or cash in excess of the limits imposed by the UIL guidelines (\$500) from any source in recognition of, or appreciation for coaching, directing, or sponsoring student activities.
3. Give anything (including awards) to students without prior approval from school administration/sponsor/director/coach.
4. Give a member any gift without the approval of the club membership.
5. Direct, employ, contract, supplement or in any way compensate a consultant, clinician, accompanist, or paraprofessional for work performed for the student activity without prior approval from director and campus principal.
6. Sign contracts or pay expenses directly from Booster Club accounts for any arrangements for student travel associated with the organization without campus or district administrator approval.
7. Use the District tax identification number as the Booster Club identification number.
8. Use the District sales permit numbers as the Booster Club sales permit number.
9. Give cash to any school employee to use at his or her discretion.
10. Attempt to influence the sponsor, principal or other administrator's decisions or be a lobbying group concerning matters which are duties assigned to the district personnel, such as trips, staffing, and schedules.

**BOOSTER CLUB BYLAWS**

All Booster Clubs that are formed to support a Red Oak ISD extracurricular activity must have bylaws that address all the topics listed in the UIL Guidelines. Please see these links for UIL Booster Club Guidelines:

<http://www.uil texas.org/policy/guidelines-for-booster-clubs>

[https://www.uil texas.org/files/policy/booster\\_club\\_guidelines.pdf](https://www.uil texas.org/files/policy/booster_club_guidelines.pdf)

***What are bylaws?***

A booster club's bylaws provide the rules for how your organization operates, including how often meetings are held, how voting is conducted and the like. The bylaws should contain the detail of the rules of membership. Bylaws must address the organization's fiscal year, organizational structure, and the methods used to elect officers.

Bylaws must be submitted to the Office of the Assistant Superintendent for District Operations when registering a Booster Club. The Assistant Superintendent, or their designee, will review the bylaws to make sure that all the required topics are addressed, but does not have the authority to change the bylaws. If the bylaws are incomplete, the Booster Club's registration will be denied until the missing topics are included.

***Bylaws must:***

- Be submitted to Assistant Superintendent of District Operations after review by the campus administrator.
- Address the organizational structure
- Address the methods used to elect officers
- Contain the rules of membership
- Include how meetings will be publicized and conducted
- Address the organization's fiscal year
- Not allow one person to hold multiple offices
- Address the dissolution of a booster club

***Election of Officers:***

- Only active members in good standing shall be permitted to hold office or vote upon any matter of business of the organization.
- No officer shall be permitted to hold more than one office at the same time.
- Employees are not allowed to hold any ROISD school PTA/PTO/Booster club officer position that has a financial capacity. "Financial capacity" shall include President, Vice President, Treasurer, Fundraising chair, check signer, or any other function that involves the receipt and distribution of money.

At a minimum, the booster organization shall elect the following officers on an annual basis. Each officer should receive a printed copy of the guidelines. Each officer must read the manual and return a signed acceptance form (in Resource section) to the campus principal before the first meeting of the new school year.

**Role of Officers:****President**

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

- Preside at all meetings of the organization.
- Regularly meet with the designated campus representative regarding booster activities.
- Regularly meet with the treasurer of the organization to review the organization's position.
- Schedule annual audit of records or request an audit in the need should arise during the school year.

**Vice-President**

The vice-president acts as the president's representative in his/her absence. They must remain familiar with the organization. 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.



## Secretary

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

- Report on any recommendations made by the executive board of the booster organization if such a governing board is defined.
- Maintain the records of the minutes and any standing committee rules, current membership and committee listing.
- Record all business transacted at each meeting.
- Maintain records of attendance of each member.
- Conduct and report on all correspondence on behalf of the organization.

## Treasurer

The treasurer is the authorized custodian of the funds of the association. The treasurer receives and disburses all monies indicated in the budget or as authorized by action of the association. All persons authorized to manage funds of the association should be covered by a fidelity bond in an amount based on the organization's annual income and determined by the executive board. The major duties include, but are not limited to, the following:

- Serve as chairperson of the Budget and Finance Committee if prescribed.
- Issue a receipt of monies received and deposit said amounts on a weekly basis (daily if receipts on hand exceed \$250.00).
- Present/Maintain a current financial report including bank statements, bank reconciliations, and financial statements and be able to give them to the Assistant Superintendent of District Operations when requested. Copies should be available for review by the general membership as requested.
- File financial reports by September 1 each year with the district executive board.
- Maintain 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 State Comptroller's office (monthly, quarterly, or annually).
- File annual IRS form 990 in a timely manner.
- Submit records to the audit committee appointed by the organization upon request or at the end of the year.

Note: Due to the increasing requirements placed on charitable organizations by the Internal Revenue Service, it is strongly recommended the Treasurer have an accounting background.

## ***District Executive Board***

The Executive Board for Booster Club purposes within Red Oak ISD will consist of the club's director/sponsor/coach, Assistant Superintendent of District Operations, campus principal and District Athletic Director.

## ***Committees***

### Nominating Committee

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

Once officers are elected for the coming year, the newly appointed secretary must submit names, addresses and phone numbers of the new officers to the campus principal or designee.

The secretary and treasurer of the organization shall turn records over to the incoming officers within thirty (30) days of the election. Records should be kept for a period of seven (7) years for audit purposes.

### Standing Committees

Standing Committees can include but are not limited to:

- Nominating Committee
- Banquet Committee
- Fundraising Committee
- Membership Committee
- Scholarship Committee

### 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.

### ***Standards for Meetings***

Notice of all meetings should be published at the campus, website or via email 72 hours prior to the meeting date.

The notice should clearly indicate the date and time of the meeting and the items to be discussed.

In order to provide an optimum level of communication and teamwork, Booster Club meetings should be held in the presence of the campus coordinator, head coach or other school sponsor.

Any action taken at the meeting should be documented in the minutes and is subject to review and possible revocation by the campus coordinator, head coach, or sponsor

### ***Rules for Dissolution***

There are two ways a booster organization can be dissolved:

1. A resolution shall be adopted by the booster organization (or the executive board if the organization is inactive) stating that the question of such a dissolution be submitted to a vote at a special meeting of the members having voting rights. At least 30 days prior to the meeting, written or printed notice shall be given to each member entitled to vote stating that the purpose of such meeting is to consider the advisability of dissolving the organization.
2. The Principal along with the District Executive Board determines that the booster club is not functioning in a way consistent with school and district policies, and/or in accordance with UIL regulations.

If the booster club or DEB determines it is in the best interest that the booster club be dissolved, the booster club and/or the committee must determine the distribution and usage of treasury monies and other assets before dissolution. In order to comply with the Internal Revenue Service guidelines, care should be taken to ensure that excess funds are distributed within the framework of the organization's original purpose- i.e., band booster funds would remain with the musical program at that particular campus. Any other distribution of funds could void the organization's tax-exempt status and force it into a fully taxable situation.

Dissolution of booster clubs should be addressed in the booster club's bylaws.

## ***Bylaw Summary***

- Submit bylaws to the Office of the Assistant Superintendent of District Operations with registration paperwork for approval BY SEPTEMBER 1st
- Officers must be elected.
- Officers must read the Booster Club Guidelines and sign and return the form stating they have done so.
- No one person may hold multiple offices.
- Head Coach / Sponsor must be in attendance at all meetings in an advisory capacity.
- ROISD employees may not serve in a financial capacity of a booster or other parent organization.
- Bylaws must address the organization's fiscal year, organizational structure, and the methods used to elect officers.
- There is a sample set of Booster Club By-Laws in the resource section.

## **BOOSTER CLUB FINANCES**

### ***Banking Information***

To open a bank account, The Booster Club must first obtain an Employer Identification Number (EIN) from the IRS. (See Tax information section)

The Booster club shall not use just the school's name on its checks or on its literature. The use of the school's name might imply that the school or the District is responsible for any obligations entered into by the club. It must include the Booster Club's name on the bank account.

All funds received should be receipted and deposited on a weekly basis. Commingling of Booster Club funds and school activity funds is prohibited. School employees may not accept loans of funds from parents and student organizations.

## ***Tax Information***

The purpose of this section is to provide general tax information to Booster Clubs. It is each Booster Club's responsibility to seek competent professional tax advice for its own tax reporting and filing requirements. The information provided in this document is not intended to be all-inclusive.

### ***How to obtain tax exempt status 501(c) (3)***

Your group will need to take the steps necessary to become a nonprofit education organization recognized by the Internal Revenue Service as exempt from taxation. This is known as a 501(c) (3) entity.

Formation of a non-profit corporation does not necessarily entitle the organization to exemption from federal taxes. In order to be exempt from federal taxes, The Booster Club must apply for this status on Form 1023- Application for Recognition of Exemption under Section 501(c)(3). These documents are available on the Internal Revenue Service website: <http://www.irs.gov/>.

The application must be accompanied by Form 8718, User Fee for Exempt Organization Determination Letter Request, which provides a user fee to be paid to the Internal Revenue Service. Depending on the anticipated annual gross receipts, the fees may vary. Upon acceptance of the organization's exempt status by the Internal Revenue Service, a determination letter will be received as evidence of approval. The letter should be kept in a safe, permanent place as it will be used time and again to prove the organization's exempt status.

Please provide a copy of your determination letter to the district office.

Note: Instructions for completing these forms and copies of the forms can be found on the Internal Revenue Service website: <http://www.irs.gov/> under forms and publications. The IRS main number is 1-800-829-1040, and the Tax-Exempt section is 1-877-829-5500.

### ***How to obtain an Employer Identification Number (EIN)***

The IRS requires all organizations (entities) that conduct business to have their own Employer Identification Number. The EIN is obtained with the SS-4 Form from the IRS. A member's social security number should not be used as the organization's Employer Identification Number for banking or other business purposes. Booster Clubs are not allowed to use the District's EIN. To obtain an Employer Identification Number:

1. Obtain and complete IRS Form SS-4.
2. Make a copy for the club's permanent records.
3. When a number is assigned to the Booster Club by the IRS, ensure that the paperwork is maintained in a permanent file from year to year.
4. The recommended fiscal year end for the Booster Club is June 30.
5. There is no application fee required when filing Form SS-4.
6. This EIN will be the number used to establish a bank account for the Booster Club.

Note: You can apply for an EIN number on the Internal Revenue Service website: <http://www.irs.gov/>. Insert "employer identification number" under forms and publications. You will be able to complete the application process online.

### Sales Tax

All Booster Clubs must apply for their own sales permit number. They may not use the number of another Booster Club or the District sales permit number. Sales by a Booster Club are generally taxable. Booster Clubs are not tax-exempt unless they have filled out the proper application forms from the Texas Comptroller of Public Accounts and have been given tax-exempt status. Each Booster Club can have two tax free sale days per calendar year according to Texas State Sales Tax Law. Items can be sold during the tax-free weekend in August without collecting sales tax.

Organizations that have applied for and received a letter of exemption from sales tax do not have to pay sales and use tax when they buy, lease or rent taxable items that are necessary to the organization's exempt function. No item purchased tax-free by an exempt organization can be used for the personal benefit of a private party or other individual. For any questions regarding sales tax, you can call the Texas Comptroller of Public Accounts at 1-800-531-5441 or email [tax.help@cpa.state.tx.us](mailto:tax.help@cpa.state.tx.us).

### Taxable Status of Purchases

- A booster organization must provide the vendor with a valid signed exemption certificate when claiming state sales tax exempt status. Exemption certificates do not require tax identification numbers to be valid nor is the vendor required by law to honor the exemption.
- The District's exemption status may not be utilized by parent, booster, patron, or alumni organizations to secure exemption from sales and excise taxes. Parent/teacher organizations and Booster Clubs must apply for their own exemption.
- Items which become the personal property of the student (cheerleader uniforms, band t-shirts, etc.), even though connected with a school or organization, are not exempt from tax. Items which are purchased by the organization through budgeted funds as an award to a student are not taxable.
- Meals purchased by the organization for teams, groups, bands, etc. on authorized school trips are exempt from sales tax if the organization contracts for the meals. The booster organization must pay for the meals with a Booster Club check and provide an exempt certificate.
- Individual members of the team, group, band, etc. may not claim exemption from sales tax on the meals they purchase while on a school authorized trip.

When imposing sales tax, the organization has the option of:

- Adding the tax to the item's selling price- thus, if the selling price of an item were \$2.00, the tax rate was 8.25%, the school would collect \$2.17 ( $\$2.00 \times 1.0825$ ) from the buyer for each item sold.
- Absorbing the tax in the item's selling price- thus, if the item sold for \$2.00 including the tax, the school would retain \$1.83 and remit \$0.17 for sales tax. If this method is used, divide the total sales by 1.0825 (assuming the tax rate is 8.25%) to find the taxable sales. To determine the sales tax amount, subtract the taxable sales from the gross sales.

### Taxable Status of Sales

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

- Admission tickets
- Club memberships
- Food and drinks sold at school functions

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

- Items sold by the school store
- Any type of Booster Club materials
- Any other item sold as personal property (i.e. school pictures, uniforms, etc.)
- All sales of items such as handicrafts, T-shirts, candles, cups, books, and school supplies sold by a school associated organization during a fundraising drive
- All other personal property except for those items specifically excluded above
- Sales tax should be filed in accordance with the State Comptroller's guidelines. Further information can be found on the Comptroller's website: <http://www.window.state.tx.us>

### **ANNUAL FEDERAL FILING REQUIREMENTS**

Every booster organization exempt from federal income tax under section 501(a) is required to either file an annual Form 990 Return of Organization Exempt from Income Tax, Form 990-N Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ or Form 990-EZ, Short Form Return of Organization Exempt from Income Tax. The return is due by the 15th day of the 5th month after the close of the organization's tax year or fiscal year. According to the IRS, small tax-exempt organizations, such as small booster clubs, are required to file an annual electronic notice Form 990-N (e-Postcard). The e-Postcard is required to be filed on-line. The e-Postcard is due every year by the 15th day of the 5th month after the close of the organization's tax year. A booster club cannot file the e-Postcard until after its tax year ends. Whether or not a booster club has filed for exemption status with the IRS, it should still file the appropriate 990 forms as required by exempt organizations. IRS regulations affect not-for-profit organizations and their requirements for financial reporting. For the fiscal year ending in 2011 and later:

Booster Clubs must use Form 990-N, normally known as the e-Postcard if:

1. Gross receipts are \$50,000 or less.

Booster Clubs must use Form 990-EZ if:

1. Gross receipts are more than \$50,000 but less than \$200,000  
AND
2. Total assets are less than \$500,000 at year-end.

Booster Clubs must use Form 990 if:

1. Gross receipts are \$200,000 or more OR
2. Total assets are \$500,000 or more at year-end.

These provisions may change so consult with a tax professional or the IRS for additional assistance.

Even though booster organizations are recognized as tax exempt, they may be liable for Federal tax on the portion of income deemed to be unrelated business income (“UBI”). UBI is income from a trade or business activity, regularly executed that is not substantially related to the charitable, education or other purposes that are the basis for the organization’s exemption. An organization that has \$1,000 or more gross income from UBI must file Form 990-T, Exempt Organization Business Income Tax Return. This form is filed in addition to Form 990, 990-EZ, or 990-N and is required regardless of the level of the income received. If the booster club’s address has changed a notification must be sent to the IRS to ensure that any IRS refund or correspondence is received. To change an address with the IRS, complete Form 8822, Address Change Request, and send it to the address shown on the form.

### Financial Reporting

At a minimum, the organization's membership should be provided with a financial statement and bank reconciliation at each meeting. The financial statement should provide a comparison of budgeted versus actual expenditures and receipts. Cash receipts and disbursement reports should be available for review when needed and at the annual audit.

### Financial Reporting to the District

GASB Statement No. 39 of the Governmental Accounting Standards Board requires the District to obtain and review financial performance information of supporting organizations to determine whether these organizations should be considered a component unit. End-of-year financial statements should be submitted to the Assistant Superintendent of District Operations. (One time a year, by September 1)

### Cash Receipt Procedures

All cash collections received by the Booster Club for fees, dues, fundraising, etc. must be deposited upon receipt. All funds must be supported by some type of record documenting the source and amount of funds. Such documentation should be readily available for audit purposes. It is recommended that deposits be made daily if the total receipts on hand exceed \$250.00. If daily receipts are less than \$250.00, deposits shall be made within one week even if the receipts for all days combined are less than \$250.00. All money must be deposited prior to holidays and weekends.

### **Bank deposits should be prepared as follows to ensure the integrity of the financial reporting:**

- Separate all currency and coins by denomination and carefully count and record it in the appropriate section of the bank deposit form.
- A tape may be run of any checks included in the deposit rather than indicating the checks individually on the deposit slip. A copy of the tape should be retained with your copy of the deposit records.
- Total the deposit slip.
- Tally the pre-numbered cash receipts and make certain this total matches the deposit total.
- Attach the cash receipt verification with a copy of the deposit slip and file in date order.
- For large deposits, have another individual independently count the currency only (not the coins or checks) and verify the currency has been correctly recorded on the deposit slip.
- Both individuals should initial the deposit slip next to the currency amount on the deposit slip.
- Seal the deposit in a deposit bag in the presence of the second individual. This is called dual control and places the organization in a better position to challenge any claim that the bank may make that the currency received was not correct.



### Bank Reconciliation

Upon receipt of the monthly bank statement, the balance indicated on the statement shall be reconciled to the bank account balance in the general ledger as of the last day of the month. The reconciliation should be completed within thirty (30) days of the date of the bank statement.

Items needed for reconciliation:

- Bank reconciliation form
- Prior month's bank reconciliation
- Bank statement
- Check Register and/or Cash Disbursement journal
- Cash Receipts journal
- General Ledger

### 1099 Requirements

Internal Revenue Service guidelines require that all payments for services in excess of

\$600.00 made to an individual by a booster organization is reported on a form 1099 on an annual basis. The Booster Club should secure an IRS form W-9 from the provider at the time of service to ensure the organization has an accurate record of the taxpayer identification number. The organization must then issue a form 1099 to all qualifying vendors performed in a calendar year by January 31st. The Internal Revenue Service website should be accessed for appropriate 1099 reporting requirements and forms.

### Insurance

The Booster Club should insure its operations, particularly cash handling. Officers could have personal liability for board actions or omissions. An insurance policy protects the officers from any litigation that might result from perceived poor decisions by the board. To operate on the district property or away using district resources, a Certificate of Insurance (COI) naming Red Oak ISD as a name additional insured on its Comprehensive General Liability (CGL) policy should be provided.

Fiduciary coverage protects the misappropriation of funds by a volunteer. These policies are generally sold in multiples of \$10,000. It can be attached to the CGL policy. If the booster's own property, it is recommended that they consider property coverage as well.

### Audit Instructions

#### **Why is an audit necessary?**

An audit is an examination of the financial records of the Booster Club. It assures that all income and expenditures are accounted for and consistent with the budget and goals for the year. It also verifies that the bank balance and ledger balance are reconciled. The audit is to protect the Booster Club officers and the organization.

#### **When is an audit conducted?**

An audit should be conducted at the end of the fiscal year, when there is a change in treasurer, and when there is a change in any officer who signs Booster Club checks.

#### **Who conducts the audit?**

An audit may be conducted by an outside party, such as a CPA or an audit committee. The audit committee should be comprised of at least two members of the Booster Club (not the President or Treasurer).

## **What are the audit procedures?**

Suggested steps for the audit committee:

1. Review reconciled bank statements and canceled checks to determine that:
  - Disbursements have been properly documented with an invoice or receipt.
  - Disbursements have been properly approved.
  - Checks have been properly signed.
  - Checks have been deposited or cashed by the payee indicated.
  - Checks have been accounted for in the proper sequence (no missing checks).
2. Check addition and subtraction on cash receipts and deposits.
3. Compare cash receipts and deposits to the bank statement.
4. Verify that receipts and disbursements were allocated to the correct account or budget category.
5. Verify that income from sales, dues, or any other sources have appropriate backup. The total amount collected should match the amount deposited into the bank account.
6. Review the Treasurer's monthly reports and check them for accuracy. Review the beginning and ending balances on reports to verify that correct ending balances were carried forward as beginning balances on subsequent reports.
7. Determine that only applicable Booster Club officers are authorized signers on bank account(s). Former officers should not remain on the account(s) as authorized signers. In addition, the faculty sponsor shall not be an authorized signer on the account.
7. Obtain proof that all applicable sales taxes were paid.
8. The audited financial report should be signed by all members of the audit committee and submitted to the campus principal or designee no later than August 1 following the end of the fiscal year.
9. Verify that 1099's were issued if applicable.

## ***Ways to Protect Your Organization against Embezzlement***

1. Two people should always count the money, and both should sign the receipt verifying the amount.
2. Two signatures should be required on all checks.
3. Have a member who does not have check signing authority review the bank statement monthly before giving it to the treasurer. This person is looking for red flags including checks showing up in non-sequential order, checks made out to cash, cash withdrawals, checks written out to non-approved vendors, checks written for non-approved expenses, and checks written out to individuals.
4. Never sign a blank check or a check made out to "cash."
5. The treasurer should arrange to deposit the money in the bank as soon as the conclusion of the project.
6. Money should be deposited into the organization's bank account daily, within 24 hours, even if a project is ongoing.
7. All bills must be paid by check, never cash.
8. Conduct an annual audit of the books.

## Finance Summary

- Obtain an Employer Identification Number (EIN) from the IRS.
- Obtain a 501(c) (3) for tax exempt status from the IRS.
- Request a sales tax exemption form from the Texas Comptroller.
- Allowed 2 tax free days per calendar year.
- Submit end of year financial statements to your campus office and they will forward to the Assistant

### Superintendent of District Operations.

- Receipts over \$250 it is recommended to be deposited daily.
- File a 1099 when needed. (Over \$600)
- Invest in insurance for your booster club.
- Conduct an audit once a year.

## **Booster Club Fundraisers**

### ***Fundraising Activities***

It is the policy of the District that funds received from Booster Club fundraising activities is used to benefit the student and school in an appropriate way.

Fundraising projects for parental groups shall be:

- For the educational benefit of the student, coordinated through district administrators.
- For a specific project as identified in the current approved budget and not for the sake of raising money.
- In connection with the established goals and philosophies of the Booster Club as well as UIL Guidelines.
- The use of individual accounts for members of District groups or clubs is prohibited by the IRS.

\*District fundraising procedures must be followed.

### ***IRS Regulations***

The IRS prohibits tax-exempt organizations from requiring people to participate in fundraisers. Likewise, Booster Clubs may not require an amount be “donated” in lieu of participating in the fundraiser. People may choose whether or not to participate in a fundraiser 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 fundraiser and cannot be penalized in any way for choosing not to participate in the fundraiser. Furthermore, benefits given by a tax-exempt organization cannot be based on participation in a fundraiser or based on revenues raised individually. Therefore, regardless if a person participates in a fundraiser and regardless of the amount of revenue raised, that person cannot be denied the opportunity to receive an equal benefit.

### ***Raffles/Bingo***

The school district is prohibited by Texas law from sponsoring or conducting any raffle or bingo game conducted for the purpose of raising money. However, there is a state Charitable Raffle Enabling Act (and also one for bingo) that allows organizations that support schools to conduct raffles under certain conditions. A raffle is any activity that involves awarding a prize-anything of value from a cake to a car-to one or more people who have purchased a ticket.

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.

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) (3), 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 statutes to be sure you qualify.

<http://www.statutes.legis.state.tx.us/Docs/OC/htm/OC.2002.htm>

Any raffles or bingo games held on district property must be clearly advertised as booster club event and not a Red Oak ISD program event; for example: ROHS Band Boosters and not ROHS Band.

\*While you may hold a casino night as a service to our students, you may not hold a casino night as a fundraiser. This is restricted by the State of Texas. [https://www.oag.state.tx.us/consumer/raffle\\_faq.shtml](https://www.oag.state.tx.us/consumer/raffle_faq.shtml)

### ***Gifts/Donations***

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. Any expenditure for direct operating expenses; example-salaries, furniture, or equipment; may be submitted to the Business Department with the proper forms along with a check from the booster club made payable to Red Oak ISD.

### ***Inventory***

Any items donated or purchased with booster funds such as furniture, equipment, supplies, or clothing (uniforms, practice gear) should be placed on the sponsor's/coach's yearly inventory form.

## **Fundraising Summary**

- Follow all ROISD Fundraising Guidelines and complete required forms.
- All athletic booster clubs are required to complete the Red Oak Athletic Fundraising Permission Request form.
- Do not require people to participate in a fundraising activity.
- Do not require a certain amount to be raised or sold per person.
- Gifts over \$500 to coaches or directors are not permissible. The \$500 limit is cumulative for a calendar year and is not specific to any one particular gift.

# Booster Club Scholarships

## Requirements Guidelines for Scholarship Review Committee

### ***Scholarships***

The District requires Booster Clubs to implement scholarship programs that are consistent with all other scholarship programs.

#### Requirements include:

- All qualifying seniors must have the opportunity to apply for the scholarship(s).
- The application process should be reviewed and approved by the campus principal or designee to ensure that implemented processes are consistent with other scholarship programs on the campus.
- The application process must be clearly communicated, and the application forms must be readily available to all potential applicants and their parents and/or guardians before the end of the first grading period of the academic year.
- The Scholarship Review Committee must be appointed by the President of the Booster Club before the first day of the academic year.
- The Scholarship Review Committee must be made up of an odd number (5-7) of members (parents of the Booster Club who do not have children eligible for consideration for the scholarship, interested teachers, campus administrators, and/or the sponsor). Many times, the sponsor is an ex-officio member of the Scholarship Review Committee and not an actual voting member so the sponsor is a source for additional information/input to the Scholarship Review Committee and a final review resource for the Scholarship Review Committee decisions.
- The Scholarship Review Committee must consider all qualifying applicants.
- The qualification criteria for selection for scholarship winners (if any) must be communicated in writing to all potential applicants before the end of the first grading period of the academic year and may not be changed during the scholarship award period. Any changes to the scholarship qualification criteria must be recommended by the sponsor and voted on by the Booster Club membership no later than the May Booster Club meeting for changes effective in the upcoming academic year.
- The application, scoring, decision materials, tabulation, notes, certified recordings, and/or any other documentation used by the Scholarship Review Committee in connection with a given applicable shall be made available upon written request to that applicant. An open records request fee may be charged for this service. Scholarship Review Committee must retain the original materials for a minimum of seven years.
- Scholarship applicants shall be full-time ROISD senior students for a minimum of one full semester prior to the application deadline.
- All scholarship applications which do not have the required information will be considered incomplete and returned to the applicant.
- Scholarship awards may not be "need" based.
- The applicant's intended major may or may not be made a factor in scholarship consideration.
- The applicant's enrollment in an accredited institution (college, university, trade school, military

academy, etc.) is a requirement for receiving scholarship funds.

The Booster Club may or may not require interviews with applicants in the decision process. If an interview is part of the process, it must be communicated no later than the end of the first grading period of the academic year. The applicant's parent or guardian must be permitted to be present at any interview.

Interview topics must be communicated to the applicant not less than seventy-two hours prior to the interview.

The scholarship committee may require an essay for judging purposes. Essay topics may be selected each year and given to all applicants, or the Scholarship Review Committee may allow each applicant to select their own topic upon the sponsor's approval.

### **Scholarship Summary**

- Scholarship Review Committee should be appointed by President before the first day of the school year.
- Scholarships may only be awarded to seniors.
- Scholarships may not be “need” based.
- Members of the Booster Club who have a child eligible for a scholarship may not serve on the Scholarship Review Committee.
- Sponsor/coach may not be involved in the selection process.
- Checks will be written to the university (not the student) after a receipt/invoice has been provided.



## **Booster Club Advertisements**

### ***Advertising***

The district manages all advertising at its facilities. Booster Clubs should not agree to any form of advertising at ROISD facilities.

So, what is the difference between a sponsorship and advertisement?

According to the IRS, a qualified sponsorship is “any payment made by a person engaged in a trade or business for which the person will receive no substantial benefit other than the use or acknowledgement of the business name, logo, or product lines in connection with the organization’s activities.” For instance, if a nonprofit organization simply acknowledges the sponsor’s name, logo, and/or slogan, then the nonprofit organization would not have to pay tax on the income.

The IRS describes advertising as other activities that “promote” the sponsor’s products or services which include:

1. Messages containing qualitative or comparative language, price information, or other indications of savings or value,
2. Endorsements,
3. Inducements to purchase, sell, or use the products or services.

Any and all advertising that promotes ROISD schools, programs, campuses or other ROISD assets must go through ROISD. If you are seeking SPONSORS, this might be considered a FUNDRAISER in which case you need to submit the appropriate fundraising request forms.

### ***Banner Advertising***

All banner advertisements in athletic facilities must be approved by the Athletic Director. Advertising sold in athletic facilities will be by the sports that compete in those facilities. Approved booster clubs that wish to participate in the Banner Program must submit the appropriate District Agreement in order to receive their Banner Advertising Agreement for the current school year. Booster clubs are not permitted to sell banners unless they have completed the required documents and understand the banner advertising process. For a complete description of the Banner Advertising Revenue Share Program, please contact Chris Anderson in the ROISDAthletic Department at 972-617-3535.

### **Advertising Summary**

- Red Oak ISD manages all advertising for its assets (facilities, programs, stadiums, etc.)
- Banner sales and the hanging of banners at Athletic Facilities are coordinated through the Athletic Director.
- All banners are \$500 per location, per banner. The cost of the banner is not included in the cost to advertise.
- Athletic booster clubs may sell banners where their specific sport competes.

## Additional Booster Club Guidelines

### University Interscholastic League (UIL) Booster Club Guidelines

The following guidelines were downloaded from the UIL's website. The information documented below is subject to change by the UIL. Therefore, for the most up-to-date version of this information, please go to the UIL's website at: <http://www.uil texas.org/policy/guidelines-for-booster-clubs>

### OTHER ROISD REQUIREMENTS

The following guidelines apply to all parent/booster organizations. If a question should arise which cannot be resolved at the campus level, the office of Assistant Superintendent of District Operations should be contacted for clarification.

- Principal must approve on-campus activities, including meeting times, place, dates, fundraisers and activities. Such activities cannot conflict with school schedules or activities, district policy or financial procedures, and must be in accordance with Texas Education Agency (TEA) and University Interscholastic League (UIL) guidelines. These will take precedence over Booster Club activities.
- On-campus activities, especially fundraisers, should not supplant, duplicate, nor interfere with those of other school or Booster Clubs. The principal has the authority to limit the number of on-campus fundraisers.
- There will be no student activities, parties, meetings, travel or other gathering in the name of the school organization or booster organization unless prior permission has been received from the sponsor and the principal. The sponsor must be present. All activities will be under the guidance of the school and the District.
- Booster Club members, parents, etc. are expected to follow the same standards of conduct as district employees when chaperoning, sponsoring, or attending student activities.
- Each student or group of students' participations will be determined by the sponsor and the principal and not by the organization or any member(s). Participation is considered a privilege and not a right and will be based on a proven record of good conduct and dependability. Lack of such demonstrated behavior on the part of anyone will be grounds for disapproval for participation and travel.
- The purchase or consumption of alcoholic beverages and tobacco products while on school property or in the presence of students is specifically prohibited.
- Organizations shall not directly support political activities by providing campaign donations or placing advertisements in support of a particular candidate as doing so could jeopardize the tax-exempt status of the organization. If a candidate running for office is invited to join a meeting, all candidates running for the office must be extended an invitation to the event.
- Each year anyone, including booster club members, that will work concession stands or serve as a volunteer in any capacity, will need to complete the Red Oak ISD volunteer application. The application can be found here: [https://redoakisd.ezcommunicator.net/edu/redoakisd/login\\_form.aspx?app=0](https://redoakisd.ezcommunicator.net/edu/redoakisd/login_form.aspx?app=0)

## FAQS

- With regards to scholarships, if the student has already paid tuition in the fall and provided a receipt indicating such, would it not be acceptable to issue the check to the student directly? ROISD recommends that the check be paid directly to the university.
- Are registration fees one of our tax-free days for booster club sports? Registration fees are not taxable.
- Are uniforms taxable for booster club sports? If the uniforms are purchased by the club for team use they are not taxable. If they are sold for a profit or will become personal property then taxes would apply.
- Is it ok to give prizes to those who raise the greatest amount in a fundraiser or sell the most? You can give prizes; however, you must announce to the entire campus that anyone can participate in the fund raiser and have the opportunity to win prizes.
- Are general membership meetings required and what things need to be covered? They are not required; however, many groups hold them at the beginning of the year to go over booster club business.
- Are offices limited on number of years in program? The number of officers and how long they may serve are established by your by-laws. There are sample by-laws in the booster club guidelines.
- Can groups without a booster club require fundraiser amounts from students? No.
- Can booster clubs charge a fee to join? Booster clubs may charge a fee to join. This should be covered in your by-laws under requirements for booster club membership.
- Are concessions taxable? For example, if someone buys food or drink do they pay taxes? According to the Texas Comptroller- food sales, if part of a fundraiser, are not taxable.
- Can an award be held in trust for a student who meets criteria for a scholarship but is not a senior? No.
- Are FFA booster clubs required to adhere to UIL regulations? No. The FFA falls under a completely different governing body.
- Do officer's booster meetings need to be posted on the booster club website? While there is no obligation to do so, it would be best practice to strive for transparency in all booster activities.
- Does sales tax apply to game day meals? Are those taxable? What if we sell our game day meals on one of our declared tax-free days? Game day meals paid for by the booster club and for the team can be tax exempt. The booster club would have to present their tax-exempt form at the time of purchase.

- When using outside vendor for spirit wear, printer gives profit to booster club. Should that be a tax-exempt donation? If not, who pays the sales tax? If the vendor donates the spirit items then there would not be any tax. If, however he gives them to you at a lower price, then the booster group would still have to pay tax on them when they are sold as retail items.
- Why the need for insurance? While booster clubs are formed for the benefit of our student groups, they are a separate entity and do not fall under the ROISD umbrella.
- Can we set up PO's for our booster club? You can set up a PO with a business through your own booster club status, should your booster club approve it. You can manage your financial obligations however your club elects to do so. However, you CANNOT do business as ROISD and set up a Purchase Order with a vendor. You can, however, donate funds to ROISD so that your sponsor/director/coach can initiate the PO and process the order. (This is encouraged, actually!)
- If a campus has an athletic booster club, can the president also be the treasurer? Or is that a conflict of interest? No one person should hold two offices.
- How/where can error and omissions insurance be purchased? Through various insurance carriers and through consultation with a licensed insurance agent to provide additional assistance.
- Can fundraising activities be regulated at football games? Yes. All fundraising held at a ROISD stadium must be approved by the campus, campus athletic coordinator, and then the athletic department before district approval is giving. A football game is a ROISD event and all fundraising activities would follow ROISD procedures.