



PTA & Booster Club Guidelines



Tyler ISD Financial Services
Revised July 2015

FOREWARD

The Tyler Independent School District (TISD or District) recognizes the importance of Booster Clubs and Parent Organizations and welcomes them at each campus. Booster clubs support students and student activities, but each club is a separate entity from the District. Booster Clubs and Parent Organizations must operate within District policy, UIL guidelines, applicable laws and regulations and in cooperation with the organization or activity they support. TISD has provided these guidelines and links as helpful information, but it is ultimately the responsibility of each club to be in compliance with the requirements stated above. These guidelines apply to all booster clubs organized to support any TISD student group or activity. TISD cannot provide legal advice or provide counsel on tax related matters.

FORMATION OF THE CLUB

The booster club or parent organization must be recognized by the school. Prospective members must meet with the principal or his/her designee to discuss the formation of the club and obtain approval.

Good record keeping is essential in the creation of the club. Each club must develop bylaws that govern the operation of the organization. If your organization should need assistance in the creation of bylaws, members may want to review the "Sample of Bylaws" which can be found at: www.ptotoday.com/filessharing/getrateit/65-pto-today-sample-bylaws. The original bylaws must be provided to the campus principal, as well as any amendments made to the bylaws. The bylaws should be reviewed on an annual basis (or as needed) by the club officers.

Members of booster clubs that are organized to support activities that fall under the jurisdiction of the UIL should review and be familiar with the UIL Booster Club Guidelines (www.uiltexas.org/files/booster-guide.pdf). The UIL Guidelines also provide excellent policies and procedures for *all* booster clubs to follow.

For the purpose of federal tax exemption, most clubs organize as a 501(c)3 tax-exempt entity. In doing so, the club must comply with all state and federal laws. The following link will provide more detailed information about this: [www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exemption-Requirements-Section-501\(c\)\(3\)-Organizations](http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exemption-Requirements-Section-501(c)(3)-Organizations).

In addition to organizing as a 501(c)3 entity, organizations may apply for an exemption from sales and use tax to the Texas Comptroller's Office. This exemption process is separate from applying for federal tax-exemption from the IRS. Booster clubs and parent organizations **cannot use the District's tax exempt form**. Here's a link to help get you started: <http://www.window.state.tx.us/taxpermit/>.

The club must have elected officers. Suggested officers are President, Vice President, Secretary and Treasurer. Other officers or committee positions may be elected as deemed necessary by the

particular club. **An activity sponsor (District employee) may not serve as an officer in the club.** The bylaws should state each officer's responsibilities.

The club may choose to obtain a PO Box for official mail. However, the school's address may be used for club mail if needed for the sake of continuity.

Each year, the club should submit an information update to the principal or designee, so that campus personnel have accurate contact information for each group. See the [PTA and Booster Club Information Sheet](#) in the Appendix.

MEETINGS

It is important to maintain open lines of communication between the club and the campus administration. Meetings should be scheduled at least 72 hours in advance and communicated with campus administration to avoid any scheduling conflicts. Check with your specific campus administration to determine the best means of communication or for their specific requirements.

Club meetings are to be held on the campus and a District employee must be present (usually the activity sponsor or principal). The principal of the campus or a designee should be invited to all meetings and meetings should be open to the public. Meetings are scheduled as needed for the particular club. Officer and committee meetings may be scheduled more often if necessary. Minutes must be taken at each meeting. Minutes should accurately record the business discussed and the decisions made by the club. A copy of the minutes should be provided to the principal.

At the beginning of each meeting, the minutes from the previous meeting should be reported and a treasurer's report should be given. Whenever possible, a written copy of the minutes and treasurer's report must be given to the members.

Meetings should always be conducted in a civilized manner and, when possible, in accordance with *Roberts Rules of Order*.

FINANCIAL MANAGEMENT

District affiliated clubs should develop and adhere to sound financial practices in order to ensure that funds are handled appropriately. The Treasurer of the club should have some basic bookkeeping skills. The District recommends these financial procedures:

- Obtain an Employer Identification Number. This number is needed to establish a bank account. Booster clubs/parent organizations are not allowed to use the District's tax identification number. A member's social security number should never be used as the club's EIN for banking purposes. EIN numbers may be obtained through the IRS website. (www.irs.gov).
- Establish a bank account once the EIN is received.
- Safeguard the funds. Funds should not be mixed with District funds. Funds awaiting deposit must be kept in a locked room or container.
- Deposit all club funds into the authorized bank account in a timely manner. (Ideally, the next business day after receipt).
- Have a dual accountability system (i.e., have two people count all money collected and require two signatures on checks).
- District employees should have no control over the booster club funds and should not be a signor of checks.
- Checks should not be made payable to Cash.
- The check signors should never sign a blank check.
- Checks should not be issued without proper documentation (original receipts or invoices).
- Checks and financial records must be kept in a safe place.
- Bank statements should be reconciled monthly and be available for review by the campus principal and activity sponsor, if applicable.
- Maintain financial records for a minimum of five years. Records must be available to all members and the activity sponsor upon request.
- Financial records should be transferred to successive officers of the club each year, no later than July 31st.
- Clubs should not maintain a petty cash account.
- Clubs should not have credit or debit cards since those can be used without the dual accountability.
- At the end of each school year (effective 9/1/2016), the District requires the club's financial records be audited by an Audit Committee, or at least two people other than those who have signing authority on the checking account, including one non-officer. The treasurer cannot be on the Audit Committee. After completion of the audit, a report should be made to the general membership as to the audit's findings and recommendations and submitted to the campus principal or designee. See Audit Committee Audit Review Checklist in the Appendix.

- At the end of each school year (effective 9/1/2016), the District requires that a financial statement be submitted to the campus principal or designee. See Sample Financial Report in the Appendix.
- IRS guidelines require that payments for services in excess of \$600 made to an individual by the club be reported on a 1099 form each year. The organization should request a W-9 form (available at <http://www.irs.gov/pub/irs-pdf/fw9.pdf>) from the vendor at the time of service so that they have an accurate record of the taxpayer. The 1099 must be issued to the vendor by January 31st and reported to the IRS by February 28th.
- Every 501(c)3 entity is required to determine the necessity of filing an annual Form 990, Return of Organization Exempt from Income Tax. Guidelines for filing Form 990 can be found at www.irs.gov. The return is due 4 ½ months after the end of the club's fiscal year.

FUNDRAISING

A significant activity of most clubs is fundraising. Fundraising activities that support/benefit the students and student activities may be conducted. It is the responsibility of the club's officers to ensure all fundraising efforts are within federal, state and District guidelines. Fundraising activities should be approved by the activity sponsor and the campus principal or designee. Funds raised belong to the booster club. If the booster club donates any funds to the District, the money then becomes public funds that are subject to the District's financial controls and spending restrictions.

Club officers must account for all funds generated and expensed through fundraisers. Items received/purchased for sale should be kept in a safe place and inventoried, if necessary.

District facilities may be used for fundraising activities after approval by the campus principal and is subject to approval by the Facilities & Maintenance Department. Guidelines for use of District facilities may be found on TISD's website on the Facilities & Maintenance page under "Resources". Here's the link: [Tyler ISD Facilities Rental & Usage Handbook](#)

Per TISD's policy, raffles may not be used as a fundraiser.

Bingo may not be used as a fundraiser, per TISD's policy.

After receiving proper approval, clubs are permitted to conduct a silent auction as a form of fundraising.

Per IRS regulations, tax-exempt organizations cannot require people to participate in fundraisers. If a person decides not to participate in fundraisers, that person cannot be excluded from the opportunity to benefit from the fundraiser. **The IRS prohibits the use of individual accounts by booster clubs. Contributions from the booster club should be to support the activities of the student group as a whole, not individual students or members.**

SALES TAX

Booster clubs that have filed for tax exemption status are exempt from sales tax when making *purchases*. However, when making *sales*, sales tax must be collected. Clubs are allowed to have two *one day, tax free* sales per calendar year once it has received the tax exemption status. Each “one-day” may not exceed 24 consecutive hours and a calendar year is January through December. In addition, to qualify as a *one-day, tax free* day, all items to be sold must be delivered on one day. In regards to a catalog fundraiser, sales tax must be collected on those items that are taxable by law. For example, coffee cups, candles and t-shirts are taxable (when sold on days other than one of the two *one day, tax free* sales days), but cookie dough is exempt from sales tax by law. For catalog sales, clubs are considered an agent of the vendor and must collect sales tax for items sold that are taxable. The vendor will then remit the applicable sales tax to the Texas Comptroller’s Office. Guidelines for collecting sales tax can be found at: http://www.window.state.tx.us/taxinfo/taxpubs/tx94_105.pdf.

The club must report its sales tax collections according to the State Comptroller’s guidelines. For further clarification or for updates as to the taxable status of purchases, please refer to the Texas Comptroller’s Office website. <http://www.window.state.tx.us/taxinfo/sales/index.html>

OTHER IMPORTANT INFORMATION

The District recommends that each club establish and approve a budget at the beginning of each school year. The budget should be approved by the members. Actual receipts and expenditures should be periodically compared to the budget.

After approval from campus administration, clubs are allowed to sponsor one banquet per year. The banquet should celebrate and recognize student achievements for the year. The banquet may be free of charge to the students or tickets for the banquet may be sold, but under certain conditions may be subject to state sales tax. Please refer to the guidance from the State Comptroller to make that determination (link above).

Insurance is not required, and for smaller clubs may be cost prohibitive. However, for larger clubs, it is recommended that the subject be brought up for discussion and the members decide what is best for their organization.

The club may not enter into any agreement that obligates the resources of the District. Likewise, activity sponsors have no authority to sign contracts or enter into any agreement on behalf of the club.

Activity sponsors and other District personnel should maintain a professional working relationship with the club. The club cannot direct the activities of District staff.

The Superintendent or designee has the authority to revoke the recognition of the club or disallow the continued association of any school program with a parent or community organization that has been judged to be disruptive to the educational activities or goals of the group or fails to comply with District policy and other applicable laws.

WEBSITE REFERENCES

Tyler ISD	www.tylerisd.org
Internal Revenue Service	www.irs.gov
State Comptroller	www.window.state.tx.us
UIL	www.uiltexas.org
Parent-Teacher Organization	www.ptotoday.com
Texas PTA	http://www.txpta.org/

Appendix:

PTA and Booster Club Information Sheet

Audit Committee – Audit Review Checklist

Sample Financial Report

PTA & Booster Club Information Sheet

Send an updated copy of this form to your campus principal or designee annually by September 1, or as information changes.

Official Organization Name: _____

School Name: _____

Employer Identification Number (EIN): _____

Official Mailing Address: _____

Date of Change: ____/____/____

Campus Club Sponsor/Liaison:

Name: _____ Email: _____

Current Organization Officers for the _____ School Year:

President: _____

Phone Numbers:

Home _____ Cell _____ Work _____

Email: _____

Vice President: _____

Phone Numbers:

Home _____ Cell _____ Work _____

Email: _____

Treasurer: _____

Phone Numbers:

Home _____ Cell _____ Work _____

Email: _____

Secretary: _____

Phone Numbers:

Home _____ Cell _____ Work _____

Email: _____

Other Officer:

_____:

Phone Numbers:

Home _____ Cell _____ Work _____

Email: _____

Audit Committee – Audit Review Checklist

The following checklist serves as a general guide for the Audit Committee in conducting a review of the PTA or Booster Club's operations for the applicable school year. Some items may not be applicable.

Bank Reconciliations

Review reconciled bank statements and canceled checks to determine:

- Verify bank reconciliations are performed within 30 days of the bank statement ending date.
- Ensure that outstanding items from the prior month cleared in the following month. If not, why?
- Verify that the balance in the bank account (at the beginning of the school year) plus total deposits per check register, minus total disbursements per check register, balances to the ending bank account balance (at the end of the school year).

Checks

- Inventory remaining check stock to confirm that all checks are present & in sequential order.
- Ensure that the check number for the last check issued and the first check available in check stock are sequential.
- Confirm that check stock is retained in a secure place when not in use.
- Determine whether any checks were voided during the course of the year. Ensure that any voided checks are retained in the records, but have been sufficiently modified to eliminate the possibility of clearing the bank (i.e., signature portion cut off and VOID has been written across the check),

Receipts

- Check addition and subtraction on cash receipts and deposits.
- Compare deposit slip amounts to those listed in the bank statement.
- Verify that receipts and disbursement are allocated to the correct budget category.
- Verify checks received from parents or vendors are deposited within 1-3 business days.
- 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.
- Examine Treasurer's monthly report. Review the beginning and ending balances on reports to verify correct ending balances were carried forward as beginning balances on subsequent reports.

- Determine applicable 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.
- From the check register or other accounting records, schedule each deposit (use of spreadsheets is helpful). If volume is significant, consider selecting only a representative sample.
- Ensure that cash receipts are presented for deposit in a timely manner by reviewing the dates of prepared cash receipts with the date of the deposit on the bank statement.

Disbursements

- Are checks cashed by the payee indicated? Are any checks altered?
- Verify check sequence to ensure no missing or unaccounted checks.
- Trace checks to supporting documentation such as invoices, receipts, approved expenses related to fundraisers, or other reasonable explanations.
- Review the canceled check to ensure agreement of payee name, endorsement, and check amount.
- Trace disbursements to budget approved by the membership or in meeting minutes.
- For bank withdrawals for establishing a change fund for an event, confirm that the change fund was later deposited.

Fundraisers

- Evaluate each fundraiser individually by calculating the value of items available for sale or number of tickets sold, and comparing to deposits and remaining inventory, if any, to ensure agreement.
- Ensure proper cash handling procedures are in place to account for funds/deposits.
- Ensure tax-exempt forms were in use to purchase goods and items categorized as taxable in the State Comptroller's guidelines are taxed at the appropriate rate.
- Obtain proof that all applicable sales taxes were paid to the State of Texas (as applicable). Ensure that sales tax reports are prepared and filed timely. Look for receipts or confirmation of filing.

Federal Taxes

- Check to see if taxes have been filed. Look for a confirmation page from the IRS or for the "e-Postcard" website. If average three year gross receipts are less than \$50,000, the Form 990N or the "e-Postcard" should be filed.
- If annual gross receipts average \$50,000 or more over the past three years, the club must file IRS Form 990 or Form 990 EZ instead of 990N.

Sample Financial Report

Club Name: _____

EIN# _____

For the period ____/____/____ through ____/____/____

Date Submitted: _____

Current Assets \$ _____ Current Liabilities \$ _____

Beginning Cash as of _____, 20____		\$5,000.00
INCOME		
Concession stand sales	\$ 1,000.00	
Fall Dance	500.00	
Membership Dues (200 members at \$50 each)	10,000.00	
Program ad sales	1,000.00	
T-shirt sales	300.00	
Total Income		12,800.00
EXPENSES		
Concession stand supplies	1,300.00	
Fall Dance expense	500.00	
Miscellaneous Supplies	450.00	
Postage	200.00	
Program ad expense	700.00	
Cost of t-shirts	100.00	
Total Expenses		(3,250.00)
Ending Cash Balance as of _____, 20____		14,550.00
Cash Basis Financial Report Prepared By:		
Printed Name		Title
Signature		Date