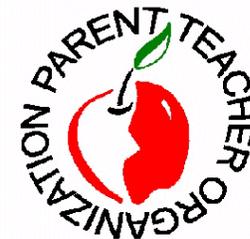


Burleson Independent School District

Financial Management for Parent Organizations



PURPOSE

- Burleson ISD School encourages the participation and involvement of parents in the education of their children. One way parents can be involved is through participation in voluntary parent organizations such as Booster Clubs and PTOs.
- Booster Clubs and Parent Groups represent the school they support. Therefore, it is necessary for them to follow the guidelines set forth by the District. This is done to protect our parents, patrons, and most importantly, our students.

AUTHORITATIVE GUIDELINES

- Booster Clubs are governed by various entities. The School District has Board Policies and guidelines that **must be followed** (GE Local). Also, the Booster Clubs must follow the guidelines of the University Interscholastic League (UIL), the State of Texas, and the Federal Government, through the Internal Revenue Service (IRS). Some state regulations relate to state sales tax while other regulations involve becoming incorporated or involve the holding of a raffle.
- The UIL Booster Club Guidelines do not necessarily include all rules that may apply to your organization. For specific questions, you should contact the UIL directly.

AUTHORITATIVE GUIDELINES

The required federal regulatory information discussed does not include all laws or rules that may apply to your particular situation. Therefore, parent groups should obtain competent independent counsel, such as a Certified Public Accountant (CPA) or an attorney, to address accounting and tax matters related to their specific circumstances. The cost of these services would be the parent group's responsibility. In addition, the IRS and the Texas State Comptroller's Office may be contacted for questions related to your organization's specific situation.

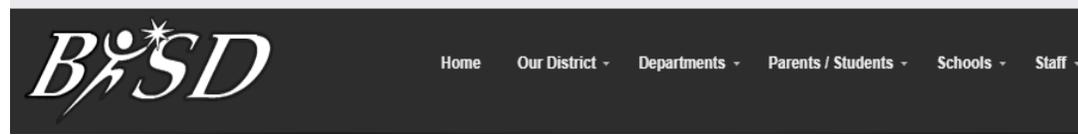
This Financial Management presentation for parent organizations is a consolidation of updated guidelines and previously issued documents designed to provide parent organizations, principals, and sponsors with financial procedures that are mandated by state law, the Internal Revenue Service (IRS), Board policy, administrative directives and/or good business practices.

Where can I find it online?



dreamstime.com

Go to
www.burlesonisd.net



Click
Business

Click on Student
Activity Group
Guidelines



Business Services Staff
Debt Service Transparency
Financial Transparency
Fundraisers
Property Tax
Purchasing
Student Activity Group Guidelines



Resources and Information

Burleson ISD Board Policy

- [GE \(Local & Legal\): Relations with Parent Organizations](#)

Burleson ISD Guidelines and Useful Links

- [PTO & Booster Club Guidelines](#)
 - [PTO & Booster Club Information Sheet](#)
 - [PTO & Club Fundraiser Application](#)
 - [Sales Use Tax Bulletin](#)
 - [Exempt Organizations Sales & Purchases Tax Bulletin](#)
 - [Competitive Foods for Fundraisers](#)
 - [Taxable Services](#)

Texas State Comptroller

- [State of Texas Tax Exemption for Nonprofit Organizations](#)
- [Texas Franchise Tax – Frequently Asked Questions](#)
- [Texas Sales Tax – Frequently Asked Questions](#)

University Interscholastic League

- [UIL Booster Club Guidelines](#)

Texas Secretary of State

- [Registered Agent](#)
- [Change of Registered Agent Form](#)

Internal Revenue Service

- [Application for Recognition of Exemption – Section 501\(c\)\(3\)](#)
- [FAQ's About Tax-Exempt Organizations](#)
- [Tax Information for Organizations](#)

Summary of Important Dates and Information Requirements

October 2 – The “PTO/Booster Club Information Sheet” is due to campus principal.

October 15 – Requests for fundraisers must be submitted to the principal on the appropriate form no later than October 15 of the current school year. (These can be turned in sooner, this is just the deadline.)

November 15 - Form 990, 990EZ and 990N are due on the 15th day of the fifth month after the end of the fiscal year of the parent organization. For parent organizations that are part of the group exemption, the due date is November 15th each year. (June 30 year-end)

January 20 – Annual sales tax reports are due January 20th each year. Quarterly and monthly sales tax reports are due on the 20th of the month immediately following the end of the quarter or month, respectively.

Calendar Year – (January – December) Parent Organizations are allowed two one-day tax-free days per calendar year by the State if they have obtained exempt status from the IRS and exemption from sales and use taxes from the State.

Financial Year – Prepare year-end financial report to the campus principal.



Facts on Fraud

- The average fraud scheme lasts 18 months before it is detected.
- The most common method for detecting fraud in the workplace is through tips from employees, customers, vendors, and anonymous sources. The second most common method of discovery is by accident.
- The typical fraud perpetrator is a first-time offender. Only 7 percent of fraudsters in a recent survey had prior fraud convictions.



Parent Organization Checklist



Section 1 – General Information

- A PTO is formed to promote the general welfare of the entire student body at a particular school.
- A booster club is formed to enrich the school's participation in extracurricular activities and normally involves an individual student group (band, football, after prom, etc.)
- Parent Organizations operate autonomously of the school district as separate parent organizations even though they generally exist solely to support school activities.
- The responsibility for accounting, safeguarding, and disbursement of funds rests with the parent organization officers. The principal/sponsor may act in an advisory capacity only.
- A parent organization may not represent the District nor bind the District or any of its employees to a third party with which the organization may conduct business.
- All meetings of parent organizations must be public meetings.
- Minutes of all parent organization meetings should be kept in writing in the permanent records of the organization.

Section 2 – Tax-Exempt Non-Profit Organization

- All parent organizations shall obtain federal tax-exempt status as a public 501(c)(3) charitable organization by applying for and obtaining a Letter of Determination from the Internal Revenue Service (IRS) that states the organization is tax-exempt.
- Must operate under Bylaws.
- Must obtain a unique Tax Identification Number. Parent organizations are **NOT** permitted to use the District's EIN or its Texas Sales Tax Permit Number.
- If an organization loses its public 501(c)(3) tax-exempt status or if it expires, the organization shall take the necessary steps to regain the tax-exempt status within one year from the date of notification from the IRS of the loss of exemption or within one year from the expiration date.

Section 2 – Tax-Exempt Non-Profit Organization

Filing Requirements for IRS 501(c)(3) Organizations

Returns are due by the 15th day of the fifth month after organization's year end.

For example, if the year-end is June 30, 2018, return due by November 15, 2018. (Group Exemption Date)

Form 990N – Gross receipts normally less than \$50,001 must file online with IRS . There is no paper form. <http://epostcard.form990.org>

Form 990EZ – Gross receipts less than \$200,000 and total assets less than \$500,000.

Form 990 – Gross receipts greater than \$199,999 and total assets greater than or equal to \$500,000.

**FAILURE TO FILE FORM 990-N, 990-EZ OR 990 FOR THREE
CONSECUTIVE YEARS WILL **AUTOMATICALLY REVOKE**
EXEMPTION STATUS!**

Section 4 - Accounting

To Open a Bank Account

Once an EIN has been received, use it to open a bank account. Each parent organization must have a separate bank account at a facility in proximity to the school.

A member's social security number should not be used as the organization's EIN for banking and/or other business purposes.

Note Some banks are requiring the organization's state charter in addition to the tax id number.

Debit card/credit card use is discouraged.



Section 4 – Accounting Procedures

- Accounting records should be limited at all times to only those persons whose duties require access.
- The parent organization's books should be reconciled to the bank statement monthly, preferably by someone other than the treasurer.
- There should be adequate separation of duties.
- Funds should always be raised for the approved purpose and spent for that purpose.
- ATM/Debit cards for the organization's checking account and organization credit cards are discouraged.
- Each parent organization should select a qualified individual or group to conduct an annual audit, which must be permanently maintained in the organization's records with a copy provided to the school principal.

Section 4 – Accounting Procedures

Cash Disbursements

- Unused checks should be kept safe and secure at all times.
- Checks should never be pre-signed.
- "Blank" checks should never be issued.
- A *Purchase Authorization/Check Request* should be required to authorize purchases, checks and/or to receive reimbursement.
- Each check or petty cash disbursement must be supported by an original invoice or sales slip/register tape.
- Two officers **must** sign each disbursement/check. Both signers must be parents and may **not** be school district employees.
- Issuing checks to the order of “Cash” is prohibited.



Cash Receipts

- The cashing of checks out of cash receipts or petty cash is prohibited.
- Incoming checks should be restrictively endorsed immediately upon receipt.
- Funds must always be deposited into the authorized bank account for the organization and never commingled with personal or school funds.
- All monies should be immediately receipted.
- All monies should be counted and receipted in the presence of the individual turning in the money. In other words, two people should always be involved in the counting of money.



Section 5 – Fundraising

Outside organizations should complete a PTO/Booster Club Fundraiser Application and turn it in to the campus principal associated with the organization by October 15th.

- The IRS prohibits the use of individual accounts by tax-exempt organizations. “Individual accounts” are those accounts used to credit an individual with revenues raised, thus offsetting that individual’s expenses with the amount credited to that individual from revenues raised.
- The IRS prohibits tax-exempt organizations from requiring people to participate in fundraisers. Likewise, PTO’s or Booster Clubs cannot require an amount to be “donated” in lieu of participating in a fundraising event. People may choose whether or not to donate to the PTO. Furthermore, if a person decides not to participate, that person cannot be excluded from having the opportunity to benefit equally from the fundraiser and cannot be penalized for choosing not to participate in the fundraiser.
- Raising funds for tragic situations cannot be done through a PTO or Booster Club organization. These fundraisers must be done through the family setting up a special account at a bank or credit union. PTO’s and Booster Clubs are not formed with the purpose of supporting individuals
- Raffles - It is the responsibility of the parent organization officers to ensure that they operate within the guidelines of the Attorney General of Texas.
- No coercion should be exercised in fund-raising activities and no student or teacher is required to raise any particular minimum of money or to sell any minimum number of tickets, etc. Under no circumstances should pressure be brought to bear on pupils through competition or by special recognition for sales with individual prizes.

Food and Fundraisers

STUDENT WELFARE
WELLNESS AND HEALTH SERVICES

FFA
(LOCAL)



The District's nutrition guidelines for reimbursable school meals and all other foods and beverages sold or marketed to students during the school day shall be designed to promote student health and reduce childhood obesity and shall be at least as restrictive as federal regulations and guidance, except when the District allows an exemption for fundraising activities as authorized by state and federal rules.

Fundraisers: The sale of food to students, as a fundraiser, during the school day must meet USDA Smart Snack guidelines or must be approved by the campus principal for up to six exemption days per school year.

What does this mean?

If fundraising involves food and/or beverages that do not meet the Competitive Foods Nutritional Standards, each campus gets 6 days for the entire year that it can sell this type of food and/or beverage. The campuses **MUST** know your fundraisers in advance in order to coordinate these days and remain in compliance with the law.

Section 6 – Purchasing

- Funds raised by PTO and Booster Club organizations for a particular purpose should be donated to the school for the District to make the purchase. This ensures that all purchases for individual campuses are in compliance with District policies, procedures, and contracts.
- Property purchased with PTO/Booster Club funds cannot become the property of any one individual of the organization.
- A PTO or Booster Club organization does not in any way have the authority to commit or to represent in any way that Burleson ISD is responsible for any of its financial obligations.
- Booster Clubs shall abide by all UIL guidelines regarding the amateur rule. The Booster Club may suggest or recommend how donated money is to be spent but cannot require the principal or coach to spend it in a specific way. A gift of cash shall be used by the District at its discretion.

Section 7 – Sales Tax Rules and Reporting

- All purchases made for the exclusive use (necessary to the organization's exempt function) of a parent organization should be made tax-exempt.
- All items purchased to *resell* during a fund-raising event such as T-shirts, spirit items, etc. should be made as tax-free purchases from the vendor.
- Sales taxes are due to the State and must be collected when taxable items (i.e. – caps and t-shirts) are sold to others.
- There is a requirement to file at least one sales tax report per calendar year (January – December) with the State Comptroller's office.
- Annual sales tax reports are due January 20th each year.

One-day Tax-free Sales

Parent organizations are allowed two one-day tax-free days per **calendar year** by the State if they have obtained exempt status from the IRS and exemption from sales and use taxes from the State.

A one-day tax-free day is a day (24 consecutive hours) a parent organization can sell taxable items and not have to collect and consequently remit the normal sales taxes due to the State.

The criteria for a one-day tax-free sale have to do with when possession goes from the parent organization (which is tax exempt) to the buyer (which is not tax exempt). Orders and/or collections could be taken over an extended period before delivery is made. The delivery just has to be advertised as one day (the tax-free day).

List of Common Taxable Items

- Athletic equipment and uniforms
- Balloons
- Band equipment and supplies - reeds, recorders
- Books, workbooks, etc.
- Candles
- Catered dinners/banquet, if not part of fund-raiser
- Clothing - T-shirts, all other clothing items
- Concessions, if not part of a fund-raiser
- Copies - collections from coin or manual copiers
- Cups - glass, plastic, paper, etc.
- Directories - student
- Drafting supplies
- Flower sales
- Garage sales
- Gift-wrap paper
- Handicrafts
- Horticulture items
- Magazine subscriptions (< 6 months)
- Musical supplies
- Pennants
- Pictures/photographs
- Plant sales
- Publications - yearbooks, football programs, memory books
- Programs - athletic, music, etc.
- Recorders - musical
- Retirement plaque
- Rings - school
- School Store - all items sold by school stores
- Silent Auctions (if not part of one-day tax-free day and is for items such as free golf round, membership to a health club, other recreational-type items, etc.)
- Spirit Items - ribbons, banners, pom poms, pennants, cups, bracelets, etc.
- Stationery
- T-Shirts, all other clothing items
- Uniforms - PE, cheerleader (when student property)
- Vending - pencils and other non-edible supplies
- Yearbooks, if not part of one-day tax-free day

List of Common Non-taxable Items

- Advertisements sold for school newspapers, athletic & booster club programs, etc.
- Bake/food sales
- Car wash
- Catalog sales (organization is acting as agent of seller & receives a commission-see 6.0 below)
- Concessions, if part of a fund-raiser
- Dinners - when prepared by parents or catered as part of a fund-raiser of a parent organization and not in direct competition of local vendors
- Discount cards
- Dues
- Gold-C and Entertainment coupon books
- Golf tournament entry fees
- Fees - clinics and workshops
- Jog-a-thon
- Magazine subscriptions (6 months or more)
- Raffle tickets
- Silent auctions (all if part of one-day tax-free day; if not part of one-day tax-free day and is for items such as gift certificates for dinner, manicure, facials, haircuts, stay at a hotel, etc.)
- Tickets for admission to athletic events, drama productions, dances, school carnivals and other similar entertainment events (including tickets sold to play a game at a booth for a prize)

Section 8 – Concessions

- The district is under contract with Dr. Pepper Company as a sole provider for all beverages with the District. District means all existing or future campuses, facilities and concessions, including, without limitation, PTA groups, booster clubs and organizations sponsored by the District.
- The District will maintain and furnish all equipment used for food and drink preparation in all concession stands in our facilities.
- For concession stands at Burleson Stadium, the District will retain 15% of net profit. The retainage will pay for the purchase and repair of equipment as well as utilities. Student activity support groups must submit their request to join the stadium concession stand rotation for the upcoming school year to the District Athletic Director no later than August 1st.

Incoming officers should never accept financial records without having them audited.

President:

- Make year-end financial report to principal.
- Responsible for financial affairs and reporting, including delegated duties.
- Submission of fund-raiser requests.
- Preside at all meetings of the Directors.
- Coordinate the work of the Directors and/or committees in order that the organization's objectives may be promoted.
- Coordinate the work so reports are timely to State and Federal agencies.
- Co-sign checks along with Treasurer.
- Ensure annual audit is performed.

Vice President:

- Assume the duties of President if needed.
- Chair organization committees.
- Maintain a roll of all members.

Section 9 – Officer Responsibilities & Duties

Secretary:

- Record the minutes of all meetings.
- Coordinate all correspondence.
- Catalogue and supervise the property.
- Publish all notices of meetings.

Treasurer:

(CAN NOT BE DISTRICT EMPLOYEE)

- Maintain financial records.
- Keep accurate record of receipts and expenditures.
- Prepare the budget.
- Provide financial reports.
- Receive and deposit all funds.
- Pay out funds with proper vouchers.
- Co-sign checks with President.
- Prepare all required tax returns.
- Establish good accounting procedures.
- Establish permanent file for financial related records.
- Turn over all records to new treasurer.
(Copy of QuickBooks, login to online QuickBooks)



References

Texas State Comptroller – Exempt Organizations Dept
512-463-4600 or 800-252-5555

Texas State Comptroller – Sales and Use Taxes 800-252-5555

University Interscholastic League
512-471-5883

Internal Revenue Service
800-829-1040

Internal Revenue Service – Tax-Exempt Organizations
877-829-5500

Internal Revenue Service – Tax Forms & Publications
800-829-3676

Texas Secretary of State
512-463-5600

Texas Attorney General
512-463-2100