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BOOSTER CLUB TRAINING
2020



Good
Things

Purpose of Booster Clubs

- ✓ In Forney ISD, we encourage 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, PTOs and PTAs (herein referred to as Boosters).
- ✓ Boosters should be organized to help promote, enrich, support, and improve the activities of schools in Forney ISD.

Booster Guidelines

- ✓ Boosters are governed by various entities.
 - University Interscholastic League (UIL)
 - School District
 - State of Texas
 - Federal Government (IRS)

- ✓ The UIL Booster Club Guidelines do not necessarily include all rules that may apply to your organization. For specific questions, you should contact Neal Weaver, FISD Athletic Director or Mario Luna, Director of Fine Arts directly. **We are the district designees.**

Booster Guidelines

- ✓ Booster officers are solely responsible for ensuring that their Booster Club is in compliance with all federal regulations. The most important regulation is the duty to comply, and the duty to report. Therefore, the District is not responsible for a Booster Club not being in good standing with all federal agencies.
- ✓ Boosters are not alone in this process and Forney ISD will assist when possible so boosters can support the main thing: our students!

Booster Recommendations

- ✓ Fundraising activities should support the educational goals of the school or program and should not exploit students.
- ✓ Fundraising should be primarily done by parents, with students having limited participation and solely as volunteers (never requires students to participate nor establish separate accounts for individual students).
- ✓ Booster clubs must benefit the group as a whole, not its individual members, and the use of individual accounts is prohibited.

Purpose of GE (local)

✓ Jurisdiction

District has absolute obligation and authority to structure, organize and monitor organizations and entities which represent the district and its schools, and conduct business and fundraising on school properties.

✓ UIL Booster Club Guidelines

The Superintendent or designee is solely responsible for the entire UIL program. All school activities, organizations, events and personnel are under the jurisdiction of the superintendent.

BOARD POLICY

GE (LOCAL)

BOOSTER REQUIREMENTS

- Specific Guidelines #2 – Authority
- Requires boosters to have bylaws and submit to designee for approval (Ath. Secretary or Lisa James for Fine Arts)
- Requires boosters to issue receipts for all money received
- Requires boosters to hold public meetings. Meetings should take place on campus.
- Please coordinate with district liaison to schedule meetings on campus to ensure schedule conflicts on campus
- Requires boosters to obtain federal tax-exempt status as a 501(c)(3) organization
 - Formation of a non-profit corporation or obtaining an EIN does not entitle the booster to exemption under federal taxes
 - **May not use FISD's tax ID number for purchases or to open a bank account**

BOARD POLICY

GE (LOCAL) DISTRICT REQUIREMENTS

The district will...

- Assist boosters in carrying out the activities of their organization as legally permitted
- Approve all school-related activities of boosters
- Obtain an annual report of all activities
- Audit all funds
 - Compliance with local policy requirements
 - Adequate documentation to support financial activities of the booster

Fundraising - FJ(Legal)(Local)

- Administrative regulations shall address student fundraising plans, approval of fundraising activities, and any required reporting on fundraisers by campus administrators.
- With at least one employee managing each project, students representing their school or the District may participate in approved fundraising to benefit the District or a nonschool, charitable organization. Participation shall be voluntary and shall be approved only when the fundraising activity relates to the District's educational mission.
- Fundraising shall **not be permitted during class time.**
- Fundraising through **sales of foods and beverages** that could be consumed during the school day shall meet the requirements for competitive foods unless the District allows an exception from the competitive food requirement, as permitted by state and federal law. [See CO and FFA]

Boosters may not...



- ❖ **Use FISD's tax identification number to open a bank account or make purchases**
- ❖ Establish a petty cash or miscellaneous funds for a sponsor to be used at his/her discretion
- ❖ Give a sponsor a gift or cash in excess of the limits imposed by the UIL (currently \$500)
- ❖ **Endorse a political candidate** including the candidate's name on banners, programs, t-shirts, etc.
- ❖ **BEST PRACTICE – Do not let FISD employees handle booster money!**
- ❖ District/Admin designee needs to be aware if booster clubs are purchasing technology items. Follow tech department requirements

Benefits of Becoming a 501(c)(3)

TAX BENEFITS

- Revenues raised by booster are generally not taxable
- Contributions to a 501(c)(3) are tax deductible by the contributor
- Can qualify for sales tax exemption through State of Texas
- Ability to hold raffles and conduct bingo (off-site)

LEGAL BENEFITS

- Potential for reduced individual liability from incorporation (boosters should obtain legal advice regarding legal liability and insurance protection)





Benefits of Becoming a 501(c)(3)

RAFFLES: Texas Charitable Raffle Act

- "qualified nonprofit" can have **2 raffles per year**, only one at a time, but multiple items in one raffle
- "A nonprofit organization that ***has existed for at least three preceding years*** and is exempt from federal income tax under Section 501(c), Internal Revenue Code; **does not** distribute any of its income to its members, officers or governing body; **does not** devote a substantial part of its activities to attempting to influence legislation; and **does not** participate in any political campaign."

Benefits of Becoming a 501(c)(3)

RAFFLES: Texas Charitable Raffle Act

- Any prize except "money"
- Prize not exceed \$50,000 or home \$250,000
- No statewide advertising or paid ads
- ***Each raffle ticket must state:*** 1) the name of the organization conducting the raffle; 2) the address of the organization or of a named officer of the organization; 3) the ticket price; 4) a general description of each prize having a value of more than \$10; and 5) the date on which the raffle prize(s) will be awarded.



Benefits of Becoming a 501(c)(3)

BINGO: Texas Lottery Commission

<https://www.txbingo.org/export/sites/bingo/index.html>

- Nonprofits need regular or temporary **license**
- Temporary is 4 hours day and no more than 6 in a calendar year
- You may award cash prizes
- Single game no more than \$750
- Entire session \$2,500
- Door prizes no more than \$250
- Gross Rentals tax 3% (rental of premises)
- Collect 5% of value of prize (greater than \$5.00), report and remit to Texas Lottery Commission (quarterly)
- Exceptions for small, in-home events, but unlicensed Bingo is 3rd degree felony (2-10 years, \$10,000 fine)



Qualifying for Exemption of Texas Sales and Use Tax

- Organizations must apply for an exemption from sales and use tax along with exemption from franchise tax to the Texas Comptroller's Office
- Complete Application AP-204 (Sales and Use Tax)
- Exemption process is separate and in addition to applying for federal tax-exemption from the IRS

Tax Exempt Status – Do's and Don'ts

- Activities must benefit the group as a whole instead of benefiting individual members of a group
- All members of the student group sponsored are to be treated equally

Sales Tax Purchases

- Sales tax permit applies to the purchase, lease or rent of taxable items that are necessary to organization's exempt functions (DOES NOT INCLUDE SALES)
- Provide exemption certificate at time of purchase
- Cannot use tax-free items for personal benefit

Sales Tax Collection and Remittance

- 501(c)(3) organizations get two tax free sales per year
- Must file at least one sales tax report per calendar year – frequency of monthly, quarterly, or annually is determined by Comptroller's Office and is based on amount of sales tax collected in previous periods
- A late fee will be imposed by the Comptroller's Office to any entity failing to submit a sales tax report even if sales tax collected during a reported period

Insurance Coverage

- May or may not need depending on size of organization and funding availability
- Liability insurance
 - ✓ General liability – protects booster club and members
 - ✓ Officer's liability – protects officers for decisions made
 - ✓ Business personal property – protects computers, fundraising merchandise, etc.
 - ✓ Fidelity (bond) coverage – protects funds from fraud, embezzlement, robbery, and theft
 - Must have certain financial controls in place to qualify for fidelity coverage

Internal Controls

- Controls over all disbursements
- **Submit a list of all planned fundraisers to sponsor/coach**
- Checks should require a second signature
- Maintain a current bank signature card
- **Document, document, document**
 - ✓ All deposits should have corresponding receipts or a summary listing where revenue sources came from
 - ✓ All purchases should have a pre-authorization form – require approval from an additional director when the requestor is typically the approver
 - ✓ All purchases should have an invoice or billing statement accompanied by receipts
 - ✓ Ensure records are maintained even if booster leadership changes

501(c)3's must file a 990 tax return on the 15th day of the 5th month after the close of their fiscal year.

i.e. Fiscal year July 1-June 30
990 due November 15

Gross revenue under \$50,000 files a 990-N (postcard return).

3 years of missed filings = nonprofit status revoked by IRS

FISD DONATION PROCESS/ FUNDRAISING



*FISD Donation (over \$250)

-www.forneyisd.net

-Staff Page / Donation Form

*Crowdfunding

Resources

- IRS Non Profit Section – (877) 829-5500
- Comptroller's Office for Exempt Organizations (800)252-5555
- Forney ISD – (972)564-4055
- www.boosterclubs.org
- www.pta.org
- www.schoolfoundations.org
- www.parentbooster.org

Questions and Answers

Thank you for your attendance and for
all you do for Forney ISD