

Booster Club / Parent Organization Checklist



The Internal Auditors and individuals associated with the Pasadena Independent School District are not an authority on tax-related or accounting situations concerning Parent Organizations, Booster Clubs and Exempt Organization. Parent Organization, Booster Clubs, and Exempt Organizations should obtain competent independent counsel concerning tax and accounting-related circumstances.

Booster Club/Parent Organization Checklist

The following checklist serves as a guide to help ensure that your Booster Club/Parent Organization has complied with the District's Board Policies and guidelines and federal and state regulations governing Booster Clubs/ Parent Organizations. In addition, information you document here will help future officers continue your compliance efforts.

General

1. Provide the District's Internal Auditor and the School Principal or Administrator (*if the Booster Club is not located at a school*) with a list of Booster Club officers at the beginning of each school year and as officers change. The list should include:
 - Name
 - Office Held
 - Mailing Address
 - Home Phone Number
 - Cell Phone Number
 - Work Phone Number (*if applicable*)
2. Provide the School Principal or Administrator (*if the Booster Club is not located at a school*) with Booster Club's constitution, by-laws, and operating procedures when they are originated. In addition, provide updated copies as changes or amendments are made.
3. The Booster Club's official mailing address is:
 - Official Name:
 - P.O. Box / Street Address
 - City, State, and Zip Code

Fund-raiser

1. Provide the Sponsor and the School Principal or Administrator (*if the Booster Club is not located at a school*) with a list of fund-raisers planned for the current year by the deadline established by the School principal or Administrator, at least 30 days prior to any fundraisers being held.
2. The detailed fund-raising information sheet should include at least:
 - Purpose of the fund-raiser.
 - Type of fund-raising activity (ie, candy sale, car wash, BBQ, etc.).
 - Date(s), time(s), and place(s), of the activity.
 - Name of the sponsoring organization.
 - Name and phone number of the organizations representative.
 - Name and phone number of person(s) in charge of the fund-raiser.
 - Name and phone number of the person(s) who will be handling the money for the fund-raiser.
3. If your Booster Club has received a limited tax-exemption from the Texas State Comptroller's Office, your organization is entitled to two (2) "one-day, tax-free" sales/auction days per calendar year.

If you are entitled to the two “one-day, tax-free” sales days, indicate the “one-day, tax free” sales/auction that have been used or that are planned:

Calendar Year: _____

Date / Fund-raiser: _____

Date / Fund-raiser: _____

Calendar Year: _____

Date / Fund-raiser: _____

Date / Fund-raiser: _____

4. The Booster Club cannot require members or students to fund-raise or raise a certain amount. For example, a student’s ability to attend a trip cannot be based on raising a certain amount of money. **If your Club is currently requiring fund-raising, discontinue this requirement.**
5. The Booster Club cannot use individual accounts to credit an individual for funds raised. If your Club is using individual accounts currently, this practice should be discontinued.

Fund-raising is an opportunity to generate revenue for the Booster Club as a group, not individuals. Therefore, revenues should be recorded in a group account where all members or students have the same opportunity to **benefit equally** from the revenues.

One member or student should not receive a larger benefit from fund-raising than another. In addition, if a member or student chooses not to participate in the fund-raiser, that person still **receives an equal benefit** from the revenues generated.

Financial Matters

General

1. The Bank accounts used by the Booster Club include:

<u>Bank Name</u>	<u>Account Number</u>
_____	_____
_____	_____
_____	_____
_____	_____

2. Determine the identification number used for the bank accounts. The Booster Club’s Employee Identification Number (EIN) should be used. Do not use an individual’s Social Security Number, and **do not use the District’s EIN.**

The identification number used for the bank accounts is as follows:

- Update the authorized signers on your bank accounts as officer's change.

The current authorized signers include the following Booster Club officers:

	<u>Name of Person</u>	<u>Officer Position Held</u>	<u>District Employee? (Yes/No)</u>
Example:	<i>June Bugg</i>	<i>President</i>	<i>No</i>
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

IMPORTANT

The Sponsor cannot be an authorized signer on the Booster Club's bank accounts.

Employees of the District, including, but not limited to, administrators, administrators' secretaries, and bookkeepers, shall not have control or signature authority over booster club or parent organization funds at the school at which he or she works, including petty cash or miscellaneous discretionary funds. All individuals must have a child in the organization to have control or signature authority over booster club or parent organization funds, including petty cash or miscellaneous discretionary funds.

- Provide a copy of the written Booster Club/Parent Organization Financial Report for the applicable school year to the School Principal or Administrator (*if the organization is not located at a school*) and to the Internal Auditor's office by September 30th, of each year.

For example, a report for the 2010-11 school year should be submitted by September 30, 2011.

- Provide a copy of the Booster Club Review Committee Report that indicates the results of the review of the organization's financial information, including the Financial Report, to the School Principal or Administrator (*if the organization is not located at a school*) and to the Internal Auditor's office by September 30th, of each year along with the Financial Report. The Internal Auditor's mailing address is 1515 Cherrybrook Lane, Pasadena, TX 77502 Attn: Internal Audit.

State Regulatory Information

The following items need to be done only once since the origination of the Booster Club.

- Determine whether your organization has obtained a Texas Sales Tax Permit.

The Organizations Sales Tax Permit Number is: _____

- Determine whether your organization has obtained a limited tax-exemption from the Texas State Comptroller's Office.

The Organization has received a limited tax-exemption from Texas State Comptroller's Office:

YES

NO

Reminder: Only those organizations with a limited tax-exemption from the Texas State Comptroller's Office are entitled to the two (2) "one-day, tax-free" sales/auction days.

8. If the Organization is incorporated, determine whether your organization has obtained an exemption from Texas franchise tax from Texas State Comptroller's Office.

Organization is incorporated:

YES

NO

If the organization is incorporated, an exemption from Texas franchise tax was obtained from the Texas State Comptroller's Office:

YES

NO

The following item is applicable each school year or calendar year.

9. File the Organization's Texas State Sales Tax Report as required.

The Texas State Comptroller's Office determines whether the report needs to be filed quarterly or annually and is subject to change.

The Organization files its Texas State Sales Tax Report:

QUARTERLY

ANNUALLY

Federal Regulatory Information

The following items need to be done only once since the origination of the Organization.

10. Obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS).

The EIN for the Organization is: _____

11. Determine whether the Booster Club has received tax-exempt status as a public 501(c)(3) organization from the IRS. If the IRS has approved the Organization's tax-exempt status, a Determination Letter would have been received from the IRS.

The Organization received its tax-exempt status as a public 501(c)(3) organization from the IRS:

YES

NO

If you have not applied for the tax-exempt status, complete the IRS Form 1023, Application for Recognition of Exemption, and Form 8718 User Fee for Tax-Exempt Organization Determination Letter Request. Submit these forms and the application fee to the IRS.

If you have applied for the tax-exempt status but you have not received your Determination Letter, you should receive an Acknowledgement of Your Request. Call the IRS to determine the status of your application.

12. If you have received a Determination Letter from the IRS approving your Organization as a public 501(c)(3) organization, determine whether your status as a public tax-exempt organization is temporary.

If the tax-exempt status is temporary, the "Advance Ruling Period" ends on:

____/____/_____

If the temporary status is about to expire or has expired, complete and submit the IRS Form 8734, Support Schedule for Advance Ruling Period, to IRS. The IRS should mail this form to the Organization's official mailing address.

The following items may be applicable during each school year or calendar year.

13. Determine whether your Organization is in good standing with IRS by calling the Exempt Organization Section of the IRS.
14. File the IRS Form 990-EZ or 990, Return of Organization Exempt from Income Tax, each year, if gross receipts are greater than \$25,000.

The return is due by the 15th day of the 5th month after the Organization's accounting period ends (due 4 ½ months after your official year-end).

Official Year-end: ____/____/_____ Due Date for Return: ____/____/_____

15. Issue 1099 forms to applicable individuals or business by January 31, of each year. If 1099 forms are issued, send information to the IRS by February 28, of each year.

Booster Club Guidelines

16. **As your Organization's President or Treasurer changes, give the applicable Booster Club/Parent Organization Guidelines handbook to the new officer(s).**

If you have any questions concerning the above items, please refer to the applicable sections of this handbook.

The Top Ten Reasons For Delays in Processing Exempt Organization Applications

10. Is there enough financial data?

Applications should include the income and expenses for the last three completed fiscal years, and a partial year for the year of application up to within 60 days of the application. If the organization has completed less than a full year, it should submit two years proposed budgets.

9. In what month does the annual accounting period end?

Applications should indicate the end of their fiscal year. It is a good idea to check for consistency. Does the fiscal year ending date stated on the application agree with the fiscal year ending date stated in the by-laws, on the financial statements, and on any prior returns filed?

8. Did you provide the required information on the principal officers and board of directors?

Applications should list the following information concerning the governing officials:

1. names,
2. addresses,
3. phone numbers,
4. titles and positions,
5. annual compensation.

7. Did you provide enough information on the activities to show us how your exempt purpose will be achieved?

Please don't restate your purpose, but explain the specific activities you will carry on to achieve that purpose. You should consider a "who, what, when, where and why" approach. You should explain past, present, and planned activities. If you haven't started an activity yet, develop your plans well enough that we can have a clear understanding of how it will operate.

#6. Did you complete all required schedules?

You should check the line items on the financial statements. Some lines require supporting schedules.

#5. Did you complete all required pages?

To make a determination, the information contained on the pages and schedules of Form 1023 and Form 1024 is necessary. On Form 1023, there are various schedules and pages that must be filled out for churches, schools, hospitals, private operating foundations, scholarships, supporting organizations, and child care organizations.

4. Did a principal officer sign page one of Form 1023 or Form 1024?

A principal officer such as the president, vice president, secretary, or treasurer should sign the application on page one. If anyone else signs the form, a completed Power of Attorney, Form 2848, should accompany the application.

3. Did you submit a copy of your by-laws?

You need to send a copy of the by-laws, code of regulations, or any other document that sets out the organization's rules of operation. If the organization has not adopted such rules, you need to check the box on page one of the application, Form 1023 or Form 1024.

2. Did you attach a complete copy of your organizing document and all amendments?

If the applicant is a corporation, this would be a copy of the articles of incorporation that shows it has been filed with and approved by the state. If the applicant is not incorporated, it should have a similar organizing document. This could be a constitution, articles of association, or by-laws. Whatever the document is called, it must at the minimum state: the legal name, the purpose(s), and the date of adoption. The document should be signed by at least two officers of the organization. A trust document must be signed by the trustees and show the date of formation.

1 reason for delays in processing exempt organization applications is . . .

INCORRECT OR NO USER FEE!

The payment required for a determination of exemption is \$400 or \$850. (See Form 8718, User Fee for Exempt Organization Determination Letter Request.) If your gross receipts are not expected to exceed \$10,000 annually, you can qualify for the lower user fee of \$400, but you must complete the Certification on Form 8718 in addition to sending the payment. The financial information sent with applications is checked to verify that the organization's gross receipts, activities, and user fee payment are consistent.

Now that you know the ten most common pitfalls in the Exempt Organization application process, we hope you can avoid them. If your application is completed correctly initially, and sent with all required documents and schedules, there is a good chance your organization could be recognized as exempt with no further contact. If there is contact, the agent can address the technical issues the need to be resolved without taking up your time trying to just get a complete application.