

NEW CANEY ISD

BOOSTER CLUB GUIDELINES

August 2013

FORWORD

This manual is designed to assist Booster Club officers and members by providing organizational and financial guidance. Only approved organizations, operating under these booster club guidelines and New Caney Independent School District policies and procedures, shall be allowed to use the school name in support of its programs. Specific questions regarding booster activity must be addressed to the campus principal.

STATEMENT OF PHILOSOPHY

The New Caney Independent School District recognizes and encourages the existence of booster clubs as desirable supporters of school activities. While it is the desire and obligation of the district to provide necessary support for approved school activities, the role of booster clubs in providing worthwhile enhancement to those programs is both necessary and commendable. The district must satisfy all legal and policy requirements of the State of Texas and the Board of Trustees, and as such is responsible for the philosophical and administrative boundaries within which all school activities must exist. Booster clubs provide support, both financially and personally, to maintain and/or enhance the excellence of those activities toward which they direct their support.

STATEMENT OF PURPOSE

The purpose of a booster club is to promote the welfare and objectives of the organization by providing aid, support, counsel and guidance to the membership, to the students, and to the school as requested. It is not a purpose of the booster club to evaluate individual students, the sponsor(s)/director(s)/coach(es), and/or school policies at meetings. Individual concerns must be directed to the appropriate school personnel.

FORMATION OF A BOOSTER ORGANIZATION

ARTICLES OF INCORPORATION

A non-profit organization is created by filing articles of incorporation with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. A non-profit corporation is characterized by the fact that none of the income of the organization is distributable to members, directors, or officers.

The completion of the two-page Form 202 – Articles of Incorporation Pursuant to Article 3.02 Texas Non-Profit Corporation Act is sufficient to meet all six required articles for incorporation. This form is available on the Secretary of State's website. Two copies of the signed Form 202 should be submitted along with a \$25 filing fee.

Upon acceptance, a certificate of incorporation will be issued which serves as conclusive evidence of corporate existence.

STATE AND FEDERAL REPORTING

APPLICATION FOR FEDERAL TAX EXEMPT STATUS

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 1029 – *Application for Recognition of Exemption Under Section 501(c) 3*. General instructions on the rules and procedures can be found in IRS Publication 557 – *How to Apply for Recognition of Exemption for an Organization*. These documents are available on the Internal Revenue Service website.

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 fee is either \$400 or \$800.

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.

Each organization must also file for an employer identification number on Form SS-4, *Application for Employer Identification Number*. It is possible to apply for an employer identification number using the telephone by dialing (800) 829-4933. The employer identification number will be issued immediately by the Internal Revenue Service during the call process. However, the organization is still required to file a form SS-4 with the IRS.

APPLICATION FOR STATE TAX EXEMPT STATUS

The organization must apply for an exemption from sales and franchise tax from the Texas State Comptroller's office. This is done by written request, which includes a description of activities, copies of articles and bylaws, and a copy of the IRS letter granting tax exemption. Further information may be obtained on the Comptroller's web site at <http://www.window.state.tx.us/taxinfo>.

ANNUAL FILING REQUIREMENTS

Every booster organization exempt from federal income tax under section 501(c)(3) is required to file one of the three information returns. The correct form is determined by the amount of gross receipts the organization receives during its tax year. Small tax-exempt organizations whose annual gross receipts are normally \$25,000 or less (\$50,000 for tax years ending on or after December 31, 2010) may be required to electronically submit Form 990-N, also known as the e-Postcard. If gross receipts exceed \$25,000 or (\$50,000 for tax years ending on or after December 31, 2010) Form 990-EZ

will be required. However if an organization's receipts exceed \$500,000 or (\$200,000 for tax years ending on or after December 31, 2010) Form 990 will be required.

An organization that fails to file required e-Postcards (or information returns – Forms 990 or 990-EZ) for three consecutive years will automatically lose its tax-exempt status. The revocation of the organization's tax-exempt status will not take place until the filing due date of the third year.

ORGANIZATION

Each booster organization should develop and maintain by-laws that are reviewed annually by the booster club and its' officers. The by-laws must contain the detail of the rules of membership. They must state the purpose of the organization, the organizations fiscal year, organizational structure and methods used to elect officers. The by-laws must also include procedures for expenditure of funds, procedures for conducting meetings and allocation of remaining funds in the event the booster club disbands.

It is recommended, that the by-laws be approved by the Superintendent or designee and a copy be on file in the office of the campus principal by July 31st of each year. The Campus Principal and Club Sponsor will be ex-officio members of all booster organizations.

OFFICER ELECTION

Only active members in good standing will be permitted to hold office or vote upon any matter of business of the organization. Employees of the District are advised not to serve in a financial capacity of a booster or parent organization. Financial capacity includes holding positions of treasurer, fund-raising chairperson, or serving as a check signer.

A list of the booster organization's officers, with service dates, is to be on file in the office of the campus principal and district Director of Budget and Accounting one week after election.

STANDARDS FOR MEETING

Notice of all meetings of the booster organization must be posted at the campus seventy-two hours prior to the meeting date. The notice must clearly indicate the date, time, and place of the meeting and the items to be discussed. Minutes must be taken at each meeting and be readily available if requested. A copy of all minutes must be submitted to the Director of Budget and Accounting on an annual basis.

FINANCIAL INFORMATION

GENERAL INFORMATION

Booster organizations are required to establish a checking account at a local bank, credit union, or other reputable financial institution. Checks must require the signatures and authorization of two club officers.

At a minimum, the organization's membership must be provided with the financial statement and bank reconciliation at each meeting. These items must be attached to the board minutes that are sent to the Director of Budget and Accounting. Cash receipts and disbursement reports must be available for review when needed or if an audit is requested.

All booster organizations must have an annual financial plan that outlines planned revenue producing activities and anticipated expenditure. The plan must be approved by the membership of the booster organization in an officially called meeting and by the club sponsor who will coordinate with the administrator.

Booster clubs must use bookkeeping and accounting procedures adequate to safeguard the assets of the club. The organization must provide for an annual review of its books, from an independent individual for firm, in order to ensure the accuracy of its records .

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. Booster clubs are required to submit to the District's Director of Budget and Accounting end-of-year financial statements (including balance sheet and income statements). Financial Statements must be submitted by September 1 each year. The following certification statement must be attached:

I hereby certify that the information attached is true and correct to the best of my knowledge. Furthermore, I understand that although supporting organizations may be considered a separate entity whereby 501(c) 3 status has been declared, the District is requesting this financial information in order to comply with GASB Statement No. 39 of the Governmental Accounting Standards Board.

The Statement must be signed by the president and the treasurer.

FUNDRAISING

All booster organizations must submit to the campus principal a list of each type of planned, scheduled, or anticipated fund raiser. All activities of the booster clubs are subject to the approval of the Superintendent or designee.

Booster club fundraising activities must be planned and conducted in such a manner so that they are in compliance with all applicable laws and statutes. Further, care must be exercised to comply with the rules and regulations of the appropriate governing bodies (Board of Trustees, University Interscholastic League, etc.). Booster club fundraisers must be parent driven and not student driven. Student fundraising is considered student activity funds.

Fund raising activities must support the educational goals of the school and must not exploit students. Activities and projects must be investigated carefully before committing the school's support. Benefits derived from the fund-raising activity, must be used to support school activities. The public trust through which funds are earned would be violated if funding was provided for non-school activities.

INDIVIDUAL ACCOUNTS

In the past, it has been customary for booster clubs and other supporting organizations to credit "individual" student accounts based on a parent's participation in fundraising events. The credit was based on a proportionate share of what they "earned" during the fundraiser.

Unfortunately, however, this practice creates a situation that would jeopardize an organization's tax exempt status. In order to prevent such occurrences, funds raised by the booster organization must be used to benefit the organization as a whole.

All individual student accounts must be maintained in the appropriate Student Club Account and managed by the club sponsor.

DONATIONS

Money given to the school must not be earmarked for any specific expense. A recommendation may be made by the booster club, but cash and other valuable consideration must be given to the school to use at its discretion. These types of donations are often made to cover the cost of commercial transportation or out of town travel. We recommend that the booster club not pay for these costs or other large expenses directly. The donation should be given to the appropriate club account for payment.

All supplies, materials, or equipment purchased for the use of the program which must be maintained by the District (i.e. insurance, routine

maintenance, etc.) becomes the property of the District. All district property will be inventoried and stored at a campus or district facility. The sponsor of the organization will be responsible for all reporting of purchases to the business office.

RAFFLES

Booster clubs are permitted to hold raffles within the following guidelines:

- Each ticket must indicate the name and address of the organization, name of an officer, price of the ticket and a description of each prize valued at \$10 or more. No prize may be valued in excess of \$50,000.
- Each booster organization may hold no more than two raffles per year and only one at a time;
- Tickets may not be advertised through paid advertising;
- A raffle prize may not be cash or a negotiable instrument such as a check, money order, or certificate of deposit. However, savings bonds, prepaid or “stored-value” credit cards are acceptable as they are not negotiable instruments.
- The booster must have the prizes in its possession before beginning the raffle or post a bond for the full value with the county clerk;
- Only members of the booster organization may sell the tickets (students may not sell raffle tickets);
- The winner must pay income tax on any prize. If the value exceeds \$600, the booster organization must provide an IRS form 1099 to the recipient;
- Phone solicitation may not be used to promote the event.

BINGO

A booster organization should consider all applicable regulations for bingo. Detailed rules may be obtained from the Texas Lottery Commission by requesting a copy of the Bingo Enabling Act, the Charitable Bingo Administrative Rules and Bingo Operations Manual by calling 1-800-BINGO77. A Charitable Bingo may not be advertised prior to actually receiving a license. Some basic rules include:

- A person may not be denied admission to a bingo game or the opportunity to participate in a game
- because of race, color, creed, religion, national origin, sex, or disability or because the person is
- not a member of the licensed authorized organization conducting the bingo game;
- A prize may not exceed \$750 in any single game or \$2,500.00 in the aggregate per occasion. In
- the event merchandise is donated, the actual retail value may not exceed these limits;
- Door prizes may not exceed \$250 per occasion;
- All bingo supplies and equipment must be purchased from a licensed distributor;

- A 5% fee must be collected from the person (s) who wins the bingo prize;
- Alcohol may not be served.

SCHOLARSHIP PROGRAMS

The District recommends booster clubs to implement scholarship programs that are consistent with all other scholarship programs. Recommendations include:

1. All qualifying seniors must have the opportunity to apply for the scholarship(s).
2. The application process must be clearly communicated, and the application forms must be readily available to all potential applicants and their parent and/or guardian before the end of the first grading period of the academic year.
3. The Scholarship Review Committee must consider all qualifying applicants.
4. The President of the booster club must appoint the Scholarship Review Committee before the first day of the academic year.
5. The Scholarship Review Committee must be made up of an odd number (5-7) of members (parents from the Booster Club who do not have children or family members 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 that the sponsor is a source of additional information/input to the Scholarship Review Committee and a final review resource for the Scholarship Review Committee decisions.
6. The qualification criteria for selection of 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 must 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.
7. 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 applicant must be made available upon written request to that applicant. Scholarship Review Committee must retain the original material for a minimum of seven years.
8. Scholarship applicants must be full-time NCISD senior students for a minimum of one full semester prior to the application deadline.
9. All scholarship applications, which do not have the required information, must be considered incomplete and returned to the applicant.

Areas where scholarship points may be earned must include responsibility, character, outside activities, leadership, academics, attitude, behavior, attendance, participation, service, involvement, and others at the sponsor's discretion.

The Booster Club may or may not require interviews of 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.

A copy of the qualification criteria for selection of scholarship winners is required to be on file in the office of the school principal by July 31st for the upcoming award year.

MISCELLANEOUS

The District will attempt to supply the support services necessary for booster clubs to comply with the guidelines stated herein. The services may include, but not be limited to, providing information relative to applicable laws, rules, and regulations governing booster club activities, the use of school facilities and equipment within the limits of Board policy and the expertise of district personnel, as needed by the clubs.

The following are a few miscellaneous guidelines that apply to all parent/booster organizations:

1. The regular school program and extra and co-curricular activities of the school and programs sanctioned by TEA, UIL, and district affiliated organizations will take precedence over booster activities.
2. Parents and booster club members are expected to follow the same standards of conduct as district employees when chaperoning, sponsoring, or attending student activities, including rules in the campus handbook.
3. School employee and student planning and preparation for activities supported by the booster organization will occur outside the school day or as approved by the principal.
4. Booster organizations may not contribute funds in an effort to increase the personnel allocations and/or stipends of a particular program or campus.
5. Booster clubs are not allowed to use the District's tax identification number for any reason.
6. Any concerns of the booster club must be addressed through the following chain of command:
 - a. Sponsor
 - b. Campus Principal
 - c. Superintendent
7. In conjunction with these policies, the District also follows the UIL Booster Club Guidelines and School Board Policy concerning parent organizations (GE local and legal).