



GCISD Booster Club Guidelines

Updated June 2022

FOREWORD

These guidelines are designed to assist Booster Clubs, their officers, and their members by providing organizational and financial guidance. These guidelines also prescribe the Grapevine-Colleyville ISD policies and procedures to be followed in carrying out activities benefiting the District. GCISD applauds and appreciates the time and effort booster club members devote to assist the District in providing rewarding educational activities for its students.

“Be they music, fine arts, academic or athletic, booster clubs should exist to enrich students’ involvement in extracurricular activities without endangering their eligibility.”

UIL

ROLE OF BOOSTER CLUBS

Booster Clubs and alumni (herein referred to as “booster clubs”) shall organize and function in a way consistent with the District’s philosophy and objectives, within adopted Board policies, and in accordance with UIL regulations as applicable.

District Booster Clubs shall:

1. Be voluntary and provide unified support for student activities of the school.
2. Encourage involvement by all parents of students participating in the supported activity.
3. Use school facilities only with prior approval of the District, principal, or designee.
4. Obtain approval of the principal or designee for all fundraising activities.
6. Submit a copy of the audited financial report to the program director no later than September 1st following the end of the fiscal year.
7. Submit the name, address, and telephone number of all current officers to the program director’s office by September 1st .
8. Two signatures are required on all checks.
9. Provide evidence of adequate insurance coverage for activities conducted on District premises. The District cannot provide insurance coverage for Booster Clubs.
10. Pay all taxes and other debts incurred by the organization.

11. Comply with GCISD administrative regulations and Board policies when donating money or gifts to the District.
12. Comply with UIL guidelines, District policies, and Federal and state tax laws.
13. Obtain the non-profit tax exempt status 501(c)(3).
14. Obtain an Employer Identification Number (EIN).
15. Must have bylaws that address all the topics listed in the UIL Guidelines.
16. Have volunteer paperwork complete.
17. Adhere to all District trademarking and licensing guidelines.
18. Adhere to all District guidelines and Board policies on advertising/websites/financial activities.

District Booster Clubs shall NOT:

1. Be involved in decision or policy making activities for a student group.
2. Give a sponsor or coach a gift or cash in excess of the limits imposed by the UIL guidelines (\$500) from any source in recognition of, or appreciation for coaching, directing, or sponsoring student activities.
3. Give anything (including awards) to students without prior approval from school administration.
4. Give a member any gift without the approval of the club membership.
5. Employ or pay any member for services rendered with Booster Club funds.
6. Direct, employ, contract, supplement or in any way compensate a consultant, clinician, accompanist, or paraprofessional for work performed for the school program or student activity without prior approval from the director and campus principal.
7. Sign contracts or pay expenses directly from Booster Club accounts for any arrangements for student travel associated with the organization. (Booster groups/individuals may donate money/merchandise to the school with prior approval from administration). (Ex. Charter buses)

8. Use the District tax identification number as the Booster Club identification number.
9. Use the District sales permit numbers as the Booster Club sales permit number.
10. Give cash to any school employee to use at his or her discretion.

BYLAWS

All Booster Clubs that are formed to support a GCISD extracurricular activity must have bylaws that address all the topics listed in the UIL Guidelines. Please see this link for UIL Booster Club Guidelines: <http://www.uiltexas.org/files/booster-guide.pdf>

What are bylaws?

A booster club's bylaws provide the rules for how your organization operates, including how often meetings are held, how voting is conducted and the like. The bylaws should contain the details of the rules of membership. Bylaws must address the organization's fiscal year, organizational structure, and the methods used to elect officers.

Bylaw's must:

- Be approved by the GCISD Chief Financial Officer
- Address the organizational structure
- Address the methods used to elect officers
- Contain the rules of membership
- Include how meetings will be publicized and conducted
- Address the organization's fiscal year
- Not allow one person to hold multiple offices
- Address the dissolution of a booster club

OFFICERS

Only active members in good standing shall be permitted to hold office or vote upon any matter of business of the organization.

- No officer shall be permitted to hold more than one office at the same time.

President

Typically, the president of a booster organization is an individual who has previously been active in the organization. The major duties include, but are not limited to, the following:

- Preside at all meetings of the organization.
- Regularly meet with the designated campus representative regarding booster activities.
- Regularly meet with the treasurer of the organization to review the organization's position.
- Schedule annual audit of records or request an audit if the need should arise during the school year.

Vice-President

The vice-president acts as the president's representative in his/her absence. They must remain familiar with the organization. The major duties include, but are not limited to, the following:

- Preside at meetings in the absence or inability of the president to serve.
- Perform administrative functions delegated by the president.

Secretary

The secretary is responsible for keeping accurate records of the proceedings of the booster club and reporting to the membership. The secretary must ensure the accuracy of the meeting minutes and have a thorough knowledge of parliamentary law and the organization's procedures. The major duties include, but are not limited to, the following:

- Report on any recommendations made by the executive board of the booster organization if such a governing board is defined.
- Maintain the records of the minutes and any standing committee rules, current membership, and committee listing.
- Record all business transacted at each meeting.
- Maintain records of attendance of each member.
- Conduct and report on all correspondence on behalf of the organization.

Treasurer

The treasurer is the authorized custodian of the funds of the booster club. The treasurer receives and disburses all monies indicated in the budget or as authorized by action of the booster club. All persons authorized to handle funds of the booster club should be covered by a fidelity bond in an amount based on the organization's annual income and determined by the executive board. The major duties include, but are not limited to, the following:

- Issue a receipt of monies received and deposit said amounts on a weekly basis.
- Present/Maintain a current financial report including bank statements, bank reconciliations, and financial statements. Copies should be available for review by the general membership as requested.
- Maintain an accurate and detailed account of all monies received and disbursed.
- Reconcile all bank statements as received and resolve any discrepancies with the bank immediately.
- File sales tax reports as required by the State Comptroller's office (monthly, quarterly, or annually).
- File annual IRS form 990 in a timely manner.
- Submit records to the audit committee appointed by the organization upon request or at the end of the year.

FINANCIAL INFORMATION

Bank Account

To open a bank account, the booster club must first obtain an Employer Identification Number (EIN) from the IRS. (See Tax Information Section) The appropriate booster club name should appear on the bank account. This name shall not consist of ONLY the campus or district's name on its checks or on distributed literature because this might imply that the school or the District is responsible for any obligations entered into by the booster club. The specific words **“Booster Club”** must appear on the account name. All bank statements and correspondence should go to the booster club address and not the campus or district address. At least two officers must sign each check. District employees may not be the signer on bank accounts for their own campus or programs they are the sponsor for. Commingling of booster club and school activity funds is prohibited. The treasurer should reconcile the bank statements monthly and prepare monthly financial reports to be presented to membership during regular meetings.

Budget

The booster club's bylaws should stipulate the creation and approval, by its membership, of an annual budget. This is typically done in late spring or early fall for the upcoming school year. Changes to the budget during the year should be approved by the membership and reflected in the meeting minutes to provide documentation of the membership's directives.

Donations

In accordance with GCISD Board Policy CDC, donations from booster clubs shall be given to the District, and at the discretion of the Superintendent, may be used for a specific campus or program. Once accepted, gifts become the sole property of the District for its use and disposition. The District shall not accept a donation designated for an employee's salary or compensation.

The Board delegates to the Superintendent or designee the authority to accept gifts valued at less than \$5,000 and that meet the acceptance criteria.

Under Board Policy CDC(LOCAL), the following donations must be approved by the Board:

- Donations of cash or merchandise greater than \$5,000
- Computer and technology equipment
- Contracted services
- Food preparation equipment
- Equipment that requires additional electrical capacity or location
- Items that involve the removal or addition of permanent fixtures to buildings or grounds

If the donation of items or equipment requires Board approval, accounting rules require the District to record the donation in the District's financial records. Therefore, in order to

appropriately account for these donations and to comply with Board policy, communication between the booster club and the District is vital. Booster Clubs may complete the Booster Club Donation form (please see the GCISD website) to communicate to the District items purchased exceeding \$5,000.

Internal Controls

In order to protect the booster club, its members, and its financial well-being, standard internal controls must be in place. Internal controls are necessary to prevent the loss of funds through carelessness, mistakes, or misappropriation.

Annual Financial Reporting-Local

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. Therefore, booster clubs are required to submit to the Chief Financial Officer and Campus Principal the audited end-of-year financial report no later than September 1st following the end of the fiscal year.

Audit of Financial Records

An audit is an examination of the financial records of the booster club. It assures that all income and expenditures are accounted for and consistent with the budget and goals for the year. It also verifies that the bank balance and ledger balance are reconciled. The audit is to protect the booster club officers and the organization.

An audit should be conducted at the end of the fiscal year, when there is a change in treasurer, and at any time there is a change in any officer who signs booster club checks.

An audit may be conducted by an outside party, such as a CPA, or an audit committee. The audit committee should be composed of at least three members of the booster club (President or Treasurer should not serve on the audit committee)).

The audited financial report should be signed by all members of the audit committee and submitted to the GCISD Athletics Office no later than September 1st following the end of the fiscal year.

TAX INFORMATION

The purpose of this section is to provide general tax information to booster clubs. It is each booster club's responsibility to seek competent professional tax advice for its own tax reporting and filing requirements. The information provided in this document is not intended to be specific or all-inclusive.

How to obtain 501(c)(3) 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 1023—Application for Recognition of Exemption Under Section 501 (c)(3) of the Internal Revenue Code. General instructions on the rules and procedures can be found in IRS Publication 557—Tax-Exempt Status for Your Organization. These documents are available on the IRS website at www.irs.gov.

The application must be accompanied by Form 8718, User Fee for Exempt Organization Determination Letter Request, which requires a user fee to be paid to the IRS. The fee amount depends on the anticipated annual gross receipts.

Upon acceptance of the organization's exempt status by the IRS, 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.

If an outside entity donates money to the booster club and the organization has not obtained the tax exempt status, the donor cannot claim the donation as a charitable contribution.

The forms and the instructions for completing the forms can be found on the IRS website at www.irs.gov under the forms and publications section.

How to obtain an Employer Identification Number (EIN):

The IRS requires all organizations that conduct business to have their own EIN. **Booster clubs are not allowed to use the District's EIN.** An EIN will also be required to open a bank account in the booster club's name. DO NOT use a member's social security number as the organizations EIN for banking or other business purposes.

To obtain an EIN, obtain and complete Form SS-4 from the IRS website at www.irs.gov . Once the number is assigned by the IRS, ensure the paperwork is maintained in a permanent file from year to year.

Sales Tax

All Booster Clubs must apply for their own sales permit number. **They may not use the number of another Booster Club or the District sales permit number.** Sales by a Booster Club are generally taxable. Booster Clubs are not tax-exempt unless they have filed the proper application forms with the Texas Comptroller of Public Accounts and have been given tax-exempt status. Each Booster Club can have two tax free sale days per calendar year according to Texas State Sales Tax Law. Qualifying items can be sold during the tax-free weekend in August without collecting sales tax.

Organizations that have applied for and received a letter of exemption from sales tax do not have to pay sales and use tax when they buy, lease or rent taxable items that are necessary to the organization's exempt function. No item purchased tax-free by an exempt organization can be used for the personal benefit of a private party or other individual. For any questions regarding sales tax, you can call the Texas Comptroller of Public Accounts at 1-800-531-5441 or email tax.help@cpa.state.tx.us .

Taxable Status of Purchases

- A booster organization must provide the vendor with a valid signed exemption certificate when claiming state sales tax exempt status. Exemption certificates do not require tax identification numbers to be valid nor is the vendor required by law to honor the exemption.
- The District's exemption status may not be utilized by parent, booster, patron, or alumni organizations to secure exemption from sales and excise taxes. Parent/teacher organizations and Booster Clubs must apply for their own exemption.
- Items which become the personal property of the student (cheerleader uniforms kept by students, band t-shirts, etc), even though connected with a school or organization, are not exempt from tax. Items which are purchased by the organization through budgeted funds as an award to a student are not taxable.
- Meals purchased by the organization for teams, groups, bands, etc. on authorized school trips are exempt from sales tax if the organization contracts for the meals. The booster organization must pay for the meals with a booster club check and provide an exempt certificate.
- Individual members of the team, group, band, etc. may not claim exemption from sales tax on the meals they purchase while on a school authorized trip.

Collection and Remittance of Sales Taxes

The Booster Club shall collect sales tax on all taxable sales.

When imposing sales tax, the organization has the option of:

- Adding the tax to the item's selling price- thus, if the selling price of an item were \$2.00, the tax rate was 8.25%, the boosters would collect \$2.17 ($\2.00×1.0825) from the buyer for each item sold.
- Absorbing the tax in the item's selling price- thus, if the item sold for \$2.00 including the tax, the boosters would retain \$1.83 and remit \$0.17 for sales tax. If this method is used, divide the total sales by 1.0825 (assuming the tax rate is 8.25%) to find the taxable sales. To determine the sales tax amount, subtract the taxable sales from the gross sales.

Taxable Status of Sales

School and school related organizations need not collect sales tax on the following:

- Admission tickets
- Club memberships
- Food and drinks sold at school functions

However, state and local sales tax shall be imposed and collected on all sales for:

- Items sold by the school store
- Any type of booster club materials
- Any other item sold as personal property (i.e. school pictures, uniforms, etc.)
- All sales of items such as handicrafts, T-shirts, candles, cups, books, and school supplies sold by a school associated organization during a fundraising drive
- All other personal property except for those items specifically excluded above

Sales tax should be filed in accordance with the State Comptroller's guidelines. Further information can be found on the Comptroller's website: <http://www.window.state.tx.us>

ANNUAL FEDERAL FILING REQUIREMENTS

Every booster club organization exempt from federal income tax under section 501(a) is required to either file an annual Form 990 Return of Organization Exempt from Income Tax, Form 990-N Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required To File Form 990 or 990-EZ or Form 990-EZ, Short Form Return of Organization Exempt From Income Tax. The return is due by the 15th day of the 5th month after the close of the organization's tax year or fiscal year. According to the IRS, small tax-exempt organizations, such as small booster clubs, are required to file an annual electronic notice Form 990-N (e-Postcard). The e-Postcard is required to be filed on-line. The e-Postcard is due every year by the 15th day of the 5th month after the close of the organization's tax year. A booster club cannot file the e-Postcard until after its tax year ends. Whether or not a booster club has filed for exemption status with the IRS, it

should still file the appropriate 990 form as required by exempt organizations. IRS regulations affect not-for-profit organizations and their requirements for financial reporting.

Booster Clubs must use Form 990-N, normally known as the e-Postcard if:

1. Gross receipts are \$50,000 or less.

Booster Clubs must use Form 990-EZ if:

1. Gross receipts are more than \$50,000 but less than \$200,000 AND
2. Total assets are less than \$500,000 at year-end.

Booster Clubs must use Form 990 if:

1. Gross receipts are \$200,000 or more OR
2. Total assets are \$500,000 or more at year-end.

These provisions may change so consult with a tax professional or the IRS for additional assistance. Even though booster organizations are recognized as tax exempt, they may be liable for Federal tax on the portion of income deemed to be unrelated business income (“UBI”). UBI is income from a trade or business activity, regularly carried on that is not substantially related to the charitable, education or other purposes that are the basis for the organization’s exemption. An organization that has \$1,000 or more gross income from UBI must file Form 990-T, Exempt Organization Business Income Tax Return. This form is filed in addition to Form 990, 990-EZ, or 990-N and is required regardless of the level of the income received. If the booster club’s address has changed a notification must be sent to the IRS to ensure that any IRS refund or correspondence is received. To change an address with the IRS, complete Form 8822, Address Change Request, and send it to the address shown on the form.

FUNDRAISING ACTIVITIES

Fundraising projects for booster club organization shall be:

- For the educational benefit of the students coordinated through the coach/director/sponsor.
- For a specific project as identified in the current approved budget and not for the sake of raising money.
- In connection with the established goals and philosophies of the booster club as well as UIL Guidelines.
- The use of individual accounts for members of District groups or clubs is prohibited by the IRS.

Fundraising projects must NOT:

- Require parent or student participation
- Set quotas of any kind
- Apply funds raised to benefit individual parents/students and not the whole club

IRS Regulations

The IRS prohibits tax-exempt organizations from requiring people to participate in fundraisers. Likewise, booster clubs may not require an amount be “donated” in lieu of participating in the fundraiser. People may choose whether or not to participate in a fundraiser and may choose whether or not to donate to the Booster Club. Furthermore, if a person decides not to participate, that person cannot be excluded from having the opportunity to benefit from the fundraiser and cannot be penalized in any way for choosing not to participate in the fundraiser. Furthermore, benefits given by a tax-exempt organization cannot be based on participation in a fundraiser or based on revenues raised individually. Therefore, regardless if a person participates in a fundraiser and regardless of the amount of revenue raised, that person cannot be denied the opportunity to receive an equal benefit.

Raffles/Bingo

The school district is prohibited by Texas law from sponsoring or conducting any raffle or bingo game for the purpose of raising money. However, there is a state Charitable Raffle Enabling Act (and also one for bingo) that allows organizations that support schools to conduct raffles under certain conditions. A raffle is any activity that involves awarding a prize—anything of value from a cake to a car—to one or more people who have purchased a ticket.

The Charitable Raffle Enabling Act, effective January 1, 1990, permits “qualified organizations” to hold up to two raffles per calendar year, with certain specified restrictions.

A nonprofit organization that has existed for at least three preceding years, during which it has had a governing body duly elected by its members and is exempt from federal income tax under Section 501(c)(3), 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.

The language of the law is very technical. If you are considering holding a raffle to benefit an organization, you should check the statutes to be sure you qualify.

<http://www.statutes.legis.state.tx.us/Docs/OC/htm/OC.2002.htm>

Gifts

Coaches, sponsors, and directors of UIL academics, athletics and fine arts may not accept more than \$500 in money, product or service from any source in recognition of or appreciation for coaching, directing or sponsoring UIL activities. The \$500 limit is cumulative for a calendar year and is not specific to any one particular gift.

Sponsorships

Booster clubs seeking sponsorships from community businesses/organizations should adhere to District policies on advertising, including content, sponsorships, and approved advertising found in/on booster club websites and other printed materials and publications – such as flyers and athletics programs. See also the District's License Agreement with the Education Foundation regarding Booster Club advertising partnership opportunities, a Do Not Contact List, and restrictions on advertising on District premises and through District communication channels, including stadium broadcasting equipment