



EL PASO INDEPENDENT  
SCHOOL DISTRICT

# PARENT ORGANIZATION GUIDELINES

June 2022

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## PREFACE

Parent organizations offer students increased opportunities to participate in extra-curricular and co-curricular activities. Parent organizations typically accomplish this by providing financial support through fund raising activities. Fund raising activities are governed by various local, state, and federal regulatory requirements. To facilitate compliance, the District has developed these Guidelines and best practices. The District is available to offer assistance on local policy; however, the District is not an authority on regulatory requirements governed by other entities. Parent organizations should contact the appropriate entity directly or seek independent, competent counsel for answers to compliance questions. Parent organizations are separate entities from the District and therefore are responsible for ensuring regulatory requirements are satisfied.

## INTRODUCTION

Parent organizations (Booster Clubs, Parent Teacher Associations, and Parent Teacher Student Associations) may be formed at the following grade levels as needed below (Campus Accounting Manual, Section 15: Booster Clubs and PTA). Principals have the authority to recognize one official parent organization for each student club or student organization based on need and submission of required documents (GE Local).

Level	Booster Club	Parent Teacher Association (PTA)
		Parent Teacher Student Association (PTSA)
Elementary School	Not Allowed	Allowed
Middle School	Allowed except for Athletics	Allowed
High School	Allowed	Allowed

**The main responsibilities of a parent organization, a sponsor, and a principal are indicated below:**

**Parent Organization** - The parent organization is responsible for supporting a student group, activity, program, or entire campus. The parent organization works through the sponsor (or principal in case of PTA/PTSA) to provide assistance for the planned activities of the student group/campus. The parent organization decides the type and amount of assistance they will provide; however, the parent organization does not have the authority to decide the activities in which the student group will participate. The parent organization may provide suggestions about particular activities. The parent organizations shall work in cooperation with the authority of the District and must comply with District, city, UIL, Texas, and federal regulatory requirements.

**Sponsor** – The sponsor of a student group serves as the liaison between the parent organization and the District, as directed by the principal. The sponsor is responsible for determining the various activities in which the student group will participate with the principal’s approval. The sponsor shall share with the parent organization the needs of the student group and how the parent organization may help fulfill these needs. The sponsor shall supervise the activities of the parent organization to the extent of ensuring student and District interests are protected; however, the sponsor is not considered a member of the parent organization.

**Principal** – The principal shall supervise the sponsor and approve student group activities. The principal shall also monitor the parent organization to the extent of ensuring student and District interests are protected and the sponsor and parent organization officers are aware of District policy. The principal shall maintain sufficient awareness of parent organization activities by reviewing or approving the following:

- Parent Organization Registration
- List of officers, their addresses, and phone numbers
- Parent Organization Bylaws
- Articles of Association or Corporation
- Sales Tax Permit (if applicable)
- Sales Tax Exemption Certificate (if applicable)
- IRS Determination Letter with 501(c)(3) Designation (if applicable)
- Food Establishment Permit (if applicable)
- Facility Use Authorization (if applicable)
- Budget
- Fund Raiser Application(s)
- Donation Letter(s)
- Meeting Minutes
- Audited Financial Report(s)

## CONTACT LIST

District	
Main Switchboard	915-230-2000
Athletics	915-230-2250
Campus Accounting	915-230-2821
Facility Services	915-230-2292
Fine Arts	915-760-8520
Food Services	915-230-2160
Internal Audit	915-230-2745
Volunteers	915-230-2552

City	
Food Permit	915-543-3633

State		
Office of the Texas Attorney General	512-463-2100	<a href="http://www.oag.state.tx.us">www.oag.state.tx.us</a>
<i>Consumer Protection Division</i>	800-621-0508	
<i>Public Information &amp; Assistance</i>	800-252-8011	
Texas Secretary of State	512-463-5600	<a href="http://www.sos.state.tx.us">www.sos.state.tx.us</a>
Texas State Comptroller's Office		<a href="http://www.window.state.tx.us">www.window.state.tx.us</a>
<i>Exempt Organizations</i>	800-531-5441 ext. 34142	
<i>Sales and Use Taxes</i>	800-252-5555	
University Interscholastic League	512-471-5883	<a href="http://www.uil.utexas.edu">www.uil.utexas.edu</a>
Texas Department of Agriculture	877-839-6325	<a href="http://www.squaremeals.org">www.squaremeals.org</a>

Federal		
Internal Revenue Service	877-829-5500	<a href="http://www.irs.gov">www.irs.gov</a>



## QUESTIONS TO ANSWER BEFORE YOU COMMIT

Parent organizations provide an important support function to student groups; however, they also require a strong commitment from their members to work properly. Therefore, before deciding to form a parent organization, parents should carefully consider the pros and cons of formation. Interested parents should discuss these issues with each other, the sponsor, and the principal.

Parents may also support student groups through student activity fund-raisers and other events organized by the campus without forming a parent organization. Money generated by a student group will belong and benefit only that student group. The campus will be responsible for any accounting and compliance requirements.

### **Questions to consider when forming a parent organization:**

1. Why do I want to form a parent organization?
2. What can a parent organization accomplish that cannot be achieved through the use of a Student Activity Fund-Raiser?
3. Do I have the time to commit to the parent organization?
4. Are there enough parents with time to commit to the parent organization?
5. Am I willing to perform the necessary research, training, and paperwork to be in compliance with all District, city, UIL, state, and federal regulations?
6. Have I read or will read the rest of this handbook to discover my responsibilities once a parent organization is formed?
7. Have I spoken with other similar organizations to determine what benefits/challenges they have experienced?
8. Have I spoken with the sponsor and principal to obtain support for the formation of the parent organization?

## FORMING A PARENT ORGANIZATION

After careful consideration, the organizers may decide to proceed with forming the parent organization. To form a parent organization the following steps shall be applied:

### APPROVAL TO FORM

Obtain campus approval to proceed with the formation of the parent organization. Complete the *Parent Organization - Formation Approval* form [See [Exhibit 1](#)] and obtain the appropriate approvals. This grants the organizer(s) permission to proceed with the necessary steps to plan and organize the parent organization; however, a parent organization is not formally recognized at this point.

### OFFICER ELECTIONS

Hold a meeting to elect officers for the positions of president, secretary, treasurer, and any other positions needed such as vice president and parliamentarian. At formation, at a minimum the president, secretary, and treasurer should be elected and others may be elected later at subsequent general meetings. Reference the Governance section (page 15) for guidance on officer elections and roles. Assign the newly elected officers the task of completing the formation of the parent organization.

### OFFICER INFORMATION

Create a list of officers, addresses and phone numbers.

### NAME ORGANIZATION

Determine the official name of the parent organization. The parent organization may use the campus name as part of their name. The parent organization must also use other words to differentiate the parent organization from the campus such as Booster Club or PTA.

### MAILING ADDRESS

Establish an official mailing address to receive correspondence. The mailing address will be used to complete forms required by the District, the Texas Secretary of State, the Texas Comptroller's Office, the IRS, and the bank. The parent organization may not use the campus mailing address. Parent organization invoices, bank statements, fundraising products, etc., shall NOT be sent to any EPISD campus, but rather to the organization's own address. The District recommends that a post office box (PO Box) or private mailing box (PMB) be established. Having a permanent address allows for easy transition to new officers. The new officers can assume responsibilities without updating the mailing address and will have immediate access to incoming mail.

### EMPLOYER IDENTIFICATION NUMBER

Obtain an Employer Identification Number (EIN) from the IRS by calling 1-800-829-4933. There is no charge to obtain an EIN. The parent organization may not use the campus EIN or an individual social security number. The EIN is needed to later apply for a bank account and sales tax permit.

## NONPROFIT ASSOCIATION OR NONPROFIT CORPORATION

Decide if the parent organization will be a nonprofit association or a nonprofit corporation and prepare the necessary organizing documents. Parent organizations are encouraged to incorporate in order to shield their officers from liabilities incurred by the organization, unless the officers are negligent in their duties.

- To form a nonprofit association, prepare and sign the articles of association [See [Exhibit 2](#)] as an organizing document.
- To form a nonprofit corporation, prepare and sign the articles of incorporation [See [Exhibit 3](#)] as an organizing document. In addition, the organization completes the Certificate of Formation - Nonprofit Corporation form [See [Exhibit 4](#)] to be filed with the Texas Secretary of State. The cost to file is \$25.

## BYLAWS

Develop parent organization bylaws [See [Exhibit 5](#)] which address District, city, UIL, Texas and federal regulatory requirements and best practices.

## BANK ACCOUNT

Establish a checking account with the president, treasurer, and vice president as authorized signers. District employees may not be authorized signers. Bank statements should be mailed to the official mailing address of the parent organization.

## FEDERAL TAX EXEMPTION

The parent organization is eligible for tax exemption from federal income taxes if it is organized and operated exclusively for an exempt purpose. (See the Compliance/Federal Tax Exemption section).

All parent organizations are encouraged to formally apply for tax exemption from the IRS.

Complete Form 1023 [See [Exhibit 6](#)], *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*. Read Form 1023 Instructions [See [Exhibit 7](#)], on how to complete Form 1023.

When completing Form 1023, organizations should establish a fiscal year-end of June 30<sup>th</sup>.

The application fee to become a tax exempt organization is as follows:

- \$400 for organizations whose gross receipts do not exceed \$10,000 over a 4-year period
- \$850 for organizations whose gross receipts exceed \$10,000 annually over a 4-year period

**Note:** Organizations normally having annual gross-receipts \$5,000 or less may be considered tax exempt organizations without formally submitting an application for tax exemption to the IRS. However, these organizations may choose to formally apply for tax exempt status to obtain a tax exempt determination letter. The determination letter is needed to apply for a Texas Sales Tax Exemption, is often requested by donors, and may be needed for other matters.

## SALES TAX PERMIT

If the parent organization will be selling taxable goods or services, a *Sales Tax Permit Application* [See [Exhibit 8](#)] must be completed and sent to the Texas State Comptroller's Office to obtain a Sales Tax Permit. There is no charge to apply. The parent organization cannot use the District's Sales Tax Permit Number. For examples of taxable goods or services read *School Fundraisers and Texas Sales Tax* [See [Exhibit 9](#)].

## SALES TAX EXEMPTION

Parent organizations which have received an IRS determination letter are eligible for a sales tax exemption. To obtain a Sales Tax Exemption Certificate complete form AP-204 [See [Exhibit 10](#)]. Along with the application, submit a written statement detailing the nature of the activities conducted or to be conducted, copies of articles and bylaws, and a copy of the IRS tax exemption determination letter. The determination letter is necessary to apply for a Sales Tax Exemption Certificate. There is no charge to apply.

## FOOD ESTABLISHMENT PERMIT

If the parent organization will be conducting food sales, a permit should be obtained from The El Paso Department of Public Health. Contact the Public Health Department at 543-3633 and read *Food and Nutrition Services Bulletin 15: Health Regulation Compliance for School Concessions* [See [Exhibit 13](#)] and *Municipal Code – Food and Food Handling Establishments* [See [Exhibit 14](#)].

## FINALIZE FORMATION OF PARENT ORGANIZATION

Complete the *Parent Organization Registration* form [See [Exhibit 15](#)] and submit to the campus along with the required documents listed on the form. Once the form is approved and required documents are verified, the parent organization will be formally recognized and may proceed with performing approved activities.

## GOVERNANCE

This section explains the District's authority and independence related to parent organizations. It also provides guidance on how to properly structure and manage parent organizations.

### DISTRICT AUTHORITY

The parent organization shall accept the authority of District administration and shall comply with all regulatory requirements specifically policy *GE Local – Relations with Parent Organizations* [See [Exhibit 16](#)] and *Campus Accounting Manual Section 15 – Booster Clubs and PTA* [See [Exhibit 17](#)]. Parent organization members shall follow the same standards of conduct as District employees when chaperoning, sponsoring, or attending student activities. In the interest of student safety, the following activities are prohibited:

- The purchase or consumption of alcoholic beverages and smoking (Education Code 38.006) while on school property or in the presence of students
- School-related activities involving bon-fires, fireworks, or firearms
- Any other activity which may pose a danger to student health and safety

Note: If there is a conflict between the information in the Parent Organization Guidelines and other regulations (District, city, UIL, state, and federal), the other regulations shall take precedence.

### INDEPENDENCE

The parent organization works cooperatively with the campus; however, is a separate entity. To establish a line of separation between the District and the parent organization, the parent organization shall:

- Establish a parent organization name which differentiates the parent organization from the campus such as Booster Club or PTA. The official parent organization's full name must be used on all correspondence and communications.
- Register with the applicable local, state, and federal governments. When corresponding with these governments, the parent organization shall use their own unique entity reference numbers and shall not use the entity reference numbers of the campus or District.
- Be responsible for any obligation incurred whether the commitment is financial or otherwise.
- Assume liabilities for personal injuries or property damage arising from their activities and will consider the purchase of liability insurance to protect the organization and its members.
- Establish a separate bank account.
- Not commingle their funds with school activity funds.
- Not collect money from students through the assistance of the campus.
- Not agree to any form of advertising on school facilities.
- Issue contracts in their name only.
- Make donations to the District through the campus business office and not directly to sponsors, teams or team members.
- Seek own legal and tax advice separate from the District.
- Not seek to direct the administrative activities of the school or to control their policies.
- Not have District employees working in a financial capacity.
- Not grant the District sponsor voting rights. The sponsor shall serve the role of advisor.

## BOARD OF DIRECTORS

The affairs of the parent organization shall be managed by the board of directors. The board of directors shall include at a minimum the positions of president, treasurer, and secretary. Additional positions such as vice president and parliamentarian may also be added as needed. The board of directors may create and delegate tasks to committees. Directors are also referred to as officers in these Guidelines. Officers have the responsibility to ensure the organization's procedures and operating practices remain in compliance with all regulatory requirements.

### PRESIDENT

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The president shall be the principal executive officer of the parent organization and shall in general supervise and control all of the business and affairs of the parent organization. He or she shall preside at all meetings of the parent organization, and shall be exofficio member of all committees. He or she may sign, with the treasurer, any contracts or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of officers or by the bylaws or by statute to some other officer or agent of the parent organization; and in general he or she shall perform all duties incident to the office of president (e.g. meet with the sponsor, resolve membership problems, monitor the organization's financial condition, ensure compliance with regulatory requirements, etc.) and such other duties as may be prescribed by the board of directors from time to time.

### TREASURER

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The treasurer is the authorized custodian of the organization's funds. The treasurer shall deposit all monies received into the parent organization's bank account. Disbursements shall be made in accordance with the budget, bylaws, or as authorized by the board of directors.

Other major duties include but are not limited to the following:

- Prepare financial documents submitted to the campus such as the fund raiser applications and recaps, donation letters, and financial reports.
- Reconcile bank statements to the organization's financial records and resolve any discrepancies immediately.
- Provide quarterly and year-end financial reports and other requested documents to the audit committee.
- Present financial reports (itemizing all receipts and expenditures) to the general membership at the end of each semester (December and June).
- File sales tax reports as required by the Texas Comptroller's Office (monthly, quarterly, or annually).
- File annual IRS e-postcard or 990 forms.
- Other financial duties as outlined in the bylaws or as assigned by the board of directors.

### SECRETARY

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The secretary is responsible for keeping accurate records of the proceedings of the organization. The secretary shall record meeting minutes and provide copies of approved minutes to the campus principal. The secretary shall handle all nonfinancial correspondence on behalf of the organization and maintain a central file containing documents submitted to the campus or to other organizations. The secretary shall also maintain a list of current members and committees.

## VICE PRESIDENT

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In the absence of the president or in the event of his or her inability or refusal to act, the vice president shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president.

## PARLIAMENTARIAN

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The primary duty of the parliamentarian is to advise the presiding officer on parliamentary law and matters of procedure when requested. The president has the power to make decisions or rule on a point of order. Thus, after the parliamentarian has given advice, the presiding officer must make the ruling to the organization. The presiding officer is not obligated to follow the recommendation of the parliamentarian. The parliamentarian should be thoroughly familiar with the bylaws and any standing rules of the group. A copy of *Roberts Rules of Order* should be maintained by the organization and referenced as needed.

## OFFICER ELECTIONS

Only active members in good standing (as defined by the organization's bylaws) shall be permitted to hold office or vote upon any matter of business of the organization. EPISD nonexempt employees may not serve as officers unless the employee has a child or grandchild who is actively participating in the program during the current school year.

Individuals elected to the positions of president and treasurer shall not have a familial relationship. The president and treasurer positions have a two, one-year consecutive term maximum.

The parent organization shall not elect members to office which have a conflict of interest. Officers shall not assign members to committees which have a conflict of interest.

The election of officers will occur annually by May of each year so that the newly elected officers may be in place for the start of the next school year.

The general membership shall elect its officers by using simple majority or secret ballot. The election of officers should be from a slate of officers presented by the nominating committee in the spring of each school year. Recommendations may also be taken from the floor at the time of the vote in accordance with *Roberts Rules of Order*. At no time should officers be appointed without the input and approval of the membership except for interim vacancies which will be appointed by the majority vote of its officers (if allowed by the organization's bylaws).

## MEETINGS

A majority of the board shall constitute a quorum for the transaction of business. No resolutions may be adopted except by the board or as delegated by the board. Board meetings shall be open to the public. The board shall meet at least monthly on a set day of the month, time, and location. The president, with input from its officers and members, shall prepare the agenda for all board meetings. The agenda or any changes to the regularly scheduled meetings shall be posted on the organization's website or at the campus business office 72 hours prior to the meeting.

When forming a parent organization, a membership drive shall be held to inform parents about the organization and when the first meeting will be held.

Minutes shall be recorded at each meeting, which shall be accessible by its members, campus, and the general public. The approved minutes shall be provided to the campus principal monthly. At each meeting, the treasurer

shall present a financial report consisting of the cash balance, and money received and expended since the last report.

## NOMINATING COMMITTEE

The nominating committee is formed in the spring of each year. The purpose of the committee is to recommend officers for the next school year. The nominating committee shall solicit recommendations for officer positions from its members. The committee should then contact the potential candidates directly to ascertain their willingness and desire to serve. The nominating committee should report back to the membership by April so that elections may be held.

## AUDIT COMMITTEE

The audit committee reviews the parent organization's financial transactions to ensure compliance with approved procedures and to ensure financial reports are presented fairly. The audit committee consists of members who are independent from day-to-day financial activities. The treasurer shall make records available as requested by the audit committee. For more information refer to the Audit section.

## SPECIAL COMMITTEES

Special committees are created for a specific purpose and voted upon by the board of directors. The committee is automatically dissolved as soon as that purpose is accomplished and the committee report is made. Special committees should complete their assignments within the current school year. If the objectives are not met at the end of the school year, officers will be required to reappoint members of the committee for the following year until the purpose of the committee has been achieved.

## DISSOLUTION

To dissolve the parent organization, a resolution shall be adopted by the board of directors stating that the question of such dissolution be considered at a special meeting to be voted on by the general membership. At least 30 days prior to the meeting, written or printed notice shall be given to each member stating that the purpose of such meeting is to consider the advisability of dissolving the organization. The president shall prepare a memo to its members and campus to document the decision to dissolve.

The board of directors must determine the distribution and usage of treasury monies and other assets before dissolution. In order to comply with IRS guidelines, care should be taken to ensure that excess funds are distributed within the framework of the organization's original purpose. Any other distribution of funds could void the organization's tax exempt status and force it into a fully taxable situation.



## COMPLIANCE

This section describes the parent organization's responsibility in complying with federal, state, city, and District regulations.

### FEDERAL

#### EMPLOYER IDENTIFICATION NUMBER

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The parent organization shall obtain a unique Employer Identification Number (EIN) from the IRS. The parent organization shall only use its own EIN when completing forms. The organization is not automatically considered tax-exempt by acquiring an EIN.

#### FEDERAL TAX EXEMPTION

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The parent organization must ensure it qualifies for tax exempt status. According to IRS regulations, a qualified tax exempt 501(c)(3) organization must meet the following:

- An organization must be organized as a corporation or unincorporated association. The organizing document must limit the organization's purpose(s) and permanently dedicate its assets to exempt purposes.
- An organization must be operated to further one or more of the exempt purposes stated in its organizing document.
- An organization must refrain from participating in the political campaigns of candidates for local, state, or federal office.
- An organization must ensure that its assets and earnings do not unjustly enrich board members, officers, key management employees, or other insiders.
- An organization must not further nonexempt purposes (such as purposes that benefit private interests) more than insubstantially.
- An organization must not operate for the primary purpose of conducting a trade or business that is not related to its exempt purpose(s).
- An organization must not engage in activities that are illegal or violate fundamental public policy.
- An organization must restrict its legislative activities.

The parent organization must also comply with the following specific procedures to retain their tax exempt status:

The tax exempt organization must benefit the group as a whole instead of benefiting individual members of the group. All members of the student group sponsored are to be treated equally and receive the same opportunity to benefit from the parent organization's assistance. Therefore, one student cannot receive a greater benefit than another unless the criteria for financial need discussed below is met.

In some instances, individuals may not be able to afford to pay the amount owed to participate in a particular event. The IRS has indicated that a group or club may establish criteria that could be used to determine if a person is in financial need. If the criteria are met, the group or club could provide the necessary funds to allow the individual to participate. The criteria should be established in writing prior to a particular situation arising. In addition, the criteria should be used consistently for all people, and the criteria should not change annually.

Tax exempt organizations cannot use individual accounts. "Individual accounts" are those accounts used by a parent organization to credit an individual with revenues raised and expenses incurred.

Tax exempt organizations cannot require a person to participate in fund-raising activities or to sell a certain amount. Normally, parent organizations raise funds for a student group through the efforts of its members; however, sometimes the students of the group being assisted participate in the fund-raising activities. A parent organization cannot require its members or the students in the related student group to participate in a fundraiser. Furthermore, members of the student group who do not participate in fund-raising activities would receive the same opportunity to benefit as those members of the student group who participated.

To apply for federal tax exemption complete Form 1023 [See [Exhibit 6](#)] and read Form 1023 Instructions [See [Exhibit 7](#)]

## FEDERAL TAX RETURNS

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Tax exempt organizations which have registered with the IRS through form 1023, must file a return according to the table below.

2010 Tax Year or Later	Form to File
Gross receipts normally $\leq$ \$50,000	990-N, 990-EZ or 990
Gross receipts $<$ \$200,000, and Total assets $<$ \$500,000	990-EZ or 990
Gross receipts $\geq$ \$200,000, or Total assets $\geq$ \$500,000	990

A tax exempt organization which has annual gross receipts of less than \$5,000 and has not filed a Form 1023, must file a Form 990-N.

Tax returns are due by the 15th day of the 5th month after the organization's fiscal year end.

If the return is filed after the due date (including any extensions), and the organization doesn't provide reasonable cause for filing late, the IRS will impose a penalty of \$20 per day for each day the return is late. The maximum penalty is \$10,000, or 5 percent of the organization's gross receipts, whichever is less.

An organization that fails to file the required information return for three consecutive tax years will automatically lose its tax exempt status. The revocation of an organization's tax exempt status will not take place until the filing due date of the third year.

To obtain forms and instructions go to [www.irs.gov](http://www.irs.gov) and type in the search engine the form that you would like to access. For more information read *Frequently Asked Questions About Tax Exempt Organizations* [See [Exhibit 18](#)].

## TITLE IX

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Title IX law prohibits discrimination under any education program or activity receiving federal financial assistance. This would apply to athletic programs to include funds raised by parent organizations. Therefore, parent organizations must work to ensure that their contributions do not cause inequity between athletic programs. Refer to Title IX under the Financial section for suggestions on how to establish equity among athletic programs. A recipient of federal funds can demonstrate compliance with Title IX by meeting one of the three prongs.

1. Provide athletic participation opportunities that are substantially proportionate to the student enrollment, or
2. Demonstrate a continual expansion of athletic opportunities for the underrepresented sex, or
3. Provide full and effective accommodation of the interest and ability of underrepresented sex.

## STATE

### SALES TAX PERMIT

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The parent organization must obtain a Sales Tax Permit by completing a *Sales Tax Permit Application* [See [Exhibit 8](#)] from the Texas State Comptroller’s Office to sell **taxable goods or services**. There is no charge to apply. The parent organization should not use the District’s Sales Tax Permit Number. For additional information read *School Fundraisers and Texas Sales Tax* [See [Exhibit 9](#)] and *Frequently Asked Questions – Obtaining a Sales Tax Permit* [See [Exhibit 19](#)].

### SALES TAX CALCULATIONS

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For taxable fund-raisers, the parent organization may sell items at either, price plus sales tax, or the price may include the sales tax.

If the price includes sales tax, the term “TAX INCLUDED” must be displayed where customers would normally be advised of the terms of the sale (e.g., brochures, invoices, contracts, and signage). The following calculation shall be used to determine the actual price and sales tax:

TOTAL SALES AMOUNT DIVIDED BY (1.0 + TAX RATE) = SALES AMOUNT EXCLUDING TAX

EXAMPLE:

Total sales are \$1,000 including tax. Tax rate is .0825.

$\$1,000 \div 1.0825 = \$923.79$  Taxable Sales

$\$923.79 \times .0825 = \$76.21$  Sales Tax

$\$923.79 + \$76.21 = \$1,000.00$  Gross Amount Collected

### SALES TAX RETURNS

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Texas Sales and Use Tax returns and payments must be sent to the State Comptroller monthly, quarterly, or yearly based on the amount of sales tax collected.

- Monthly: \$500 or more was collected in state sales and use tax per month. Monthly returns are due on or before the 20th day of the month following the month in which the taxes were collected. For example, the July return must be filed on or before August 20th.
- Quarterly: \$499 or less was collected in state sales and use tax per month (or less than \$1500 per calendar quarter). Quarterly returns are due on or before the 20th day of the month after the end of the quarter in which the taxes were collected. For example, the first quarter covers January, February, and March, and the return must be filed on or before April 20th.
- Yearly: \$999 or less was collected in state sales and use tax per year. Yearly returns are due on or before January 20th.

Late returns and payments are subject to interest and penalty charges. Sales tax returns submitted after the due date, do not qualify for the discount. Taxpayers are assessed a \$50 late filing penalty after more than two returns are received with a postmark date later than the due date. Once a taxpayer has filed late three or more times, the penalty is automatically assessed on every subsequent late filing. The late filing penalty is assessed even if there is no tax due during the period covered by the report.

If the tax liability is paid 1-30 days late, there is a 5percent penalty applied to the amount of sales tax paid after the due date. If the tax liability is paid 31-60 days late, there is a 10percentpenalty applied to the amount of sales tax due. If the payment is over 60 days late, the penalty is 10percent of the amount of sales tax due plus interest. Additionally, delinquent taxpayers may be referred to an outside collection agency which may be subject to a collection fee.

If the organization fails to file a sales tax return timely, it may receive a Notice of Tax/Fee Due that estimates the amount of sales tax due for the filing period. This is an estimate only. The estimated figure will be replaced with the actual amount of tax due once a return is filed. A return must be filed even if no sales are made. If the organization does not file and pay the sales tax on or before 20 days after the estimate is received, the organization will also be liable for an additional 10% penalty on the outstanding tax. Therefore, the organization may be assessed a 20 percent penalty on the tax due plus any applicable collection fees and interest. For more information read *Reporting and Remittance Frequently Asked Questions* [See [Exhibit 20](#)].

## SALES TAX EXEMPTION

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The parent organization may be exempt from paying sales tax for purchases related to the organization's exempt purpose. The parent organization may obtain a Sales Tax Exemption from the Texas Comptroller. To apply for a Sales Tax Exemption, the organization must submit Form AP-204 [See [Exhibit 10](#)], along with a written statement detailing the nature of the activities conducted or to be conducted, copies of articles and bylaws, and a copy of the IRS tax exemption determination letter. The determination letter is necessary to apply for a Sales Tax Exemption Certificate. There is no charge to apply.

## SALES TAX-FREE DAYS

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If the parent organization has obtained a Sales Tax Exemption it may hold, two, one-day tax-free sales each calendar year.

The tax free day status means that tax is not collected on normal taxable sales on the date which the organization designated as tax free. Brochures and book fairs cannot be claimed as tax free day sales. In these types of activities, the organization is acting as an agent for the fund raising vendor. Therefore, the vendor is responsible for reporting and remitting the sales tax to the state.

The organization may take orders and receive payments over a period of time for taxable items. A tax free day can be utilized if the items are distributed on one day.

The Texas Comptroller's Office requires that tax free day sales be approved prior to the activity date and that accurate records be maintained to support the tax free days. For additional information read *School Fundraisers and Texas Sales Tax* [See [Exhibit 9](#)].

## TEXAS FRANCHISE TAX

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Incorporated nonprofit organizations are subject to Texas Franchise Tax; however, the organization may obtain an exemption from the Texas Comptroller. The parent organization shall provide the Texas Comptroller a written statement requesting an exemption from Franchise Tax. This statement should be submitted along with the Tax Exemption application described in the Sales Tax Exemption section. Noncorporate organizations or associations are excluded from the tax.

## UNIVERSITY INTERSCHOLASTIC LEAGUE (UIL)

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Parent organizations assisting groups sanctioned by UIL shall read and comply with the UIL Booster Club Guidelines [See [Exhibit 21](#)]. Below is a summary of the major compliance areas, which is not all inclusive.

- The organization shall ensure strict compliance with the Athletic Amateur Rule and the Awards Rule by not providing anything to students, including awards, without the permission of the campus.
- The penalty to a student-athlete for violating the Athletic Amateur Rule is forfeiture of varsity athletic eligibility in the sport for which the violation occurred for one calendar year from the date of the violation. Student athletes are prohibited from accepting valuable consideration for participation in school athletics - anything that is not given or offered to the entire student body on the same basis that it is given or offered to an athlete. Valuable consideration is defined as tangible or intangible property or service including anything that is usable, wearable, salable, or consumable. Athletic teams may accept food items with the permission of the campus.
- Coaches and directors of UIL academics, athletics, and fine arts may not accept more than \$500 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. Cash gifts to coaches or sponsors are not allowed.
- Individuals who actively coach or direct a UIL activity should serve in an advisory capacity to the parent organization and should not have control or signature authority over parent organization funds, including petty cash or miscellaneous discretionary funds.
- Reimbursements to coaches are not allowed.
- The organization may donate money or merchandise to the school with prior approval of the administration. These kinds of donations are often made to cover the cost of commercial transportation and to cover costs for out-of-town meals. It would be a violation for the organization or individual to pay for such costs directly. All money or merchandise donated to the school must be turned in to the business office and receipted.

## CHILD NUTRITION

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Foods of minimal nutritional value cannot be provided to students anytime, anywhere on campus until after the end of the last scheduled class. Snacks meeting portion size and fat content restrictions may be donated to the campus for distribution during the school day. For additional information read Texas Public School Nutrition Policy at a Glance [See [Exhibit 22](#)] and visit [www.squaremeals.org](http://www.squaremeals.org).

## CITY

### FOOD ESTABLISHMENT PERMIT

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If the parent organization will be conducting food sales, a permit should be obtained from The El Paso Department of Public Health. Contact the Public Health Department at 543-3633 and read *Food and Nutrition Services Bulletin 15: Health Regulation Compliance for School Concessions* [See [Exhibit 13](#)] and *Municipal Code – Food and Food Handling Establishments* [See [Exhibit 14](#)].

## DISTRICT

### FORMATION APPROVAL

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Organizers which intend to create a new parent organization shall complete the *Parent Organization - Formation Approval* form [See [Exhibit 1](#)] and should obtain the appropriate campus approvals. This grants the organizers permission to proceed with the necessary steps to plan and organize the parent organization; however, a parent organization is not formally recognized at this point.

### REGISTRATION

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The organization shall submit the *Parent Organization - Registration* form [See [Exhibit 15](#)] to the campus to become a recognized parent organization. The form shall be submitted on an annual basis along with the following:

- List of officers, their addresses and phone numbers
- Articles of Association/Incorporation
- Bylaws
- Annual Budget
- IRS Determination Letter with 501(c)(3) designation (if applicable)
- Sales Tax Exemption Certificate (if applicable)
- Sales Tax Permit (if applicable)
- IRS Determination Letter with 501(c)(3) designation (if applicable)
- Food Establishment Permit (if applicable)

Once the registration form is approved by the principal, the organization may proceed with approved activities. Continuing parent organizations shall ensure documents on file with the campus are current. If the campus already has the current copy, an additional copy is not required.

### FACILITY USE

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The parent organization may use school facilities by completing the *Facility Use Request and Authorization Form* [See [Exhibit 23](#)] and obtaining approval from the Operations and Facilities Department. In general, the parent organization may use school facilities without a charge. For additional information read policy GKD (Local) [See [Exhibit 24](#)].

### FOOD SERVICES

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The parent organization shall consult with the cafeteria manager to use the cafeteria/kitchen facilities. After approval is obtained from the cafeteria manager, the organization shall submit a *Facility Use Request and Authorization Form* [See [Exhibit 23](#)] and secure the approval of the associate superintendent for the Operations Department at least three weeks prior to the use of the facilities. Upon receipt of the approval, a food service supervisor shall contact the person requesting the use of the cafeteria/kitchen. After consulting with this person, the food service staff shall set up the cafeteria for the function. The sponsoring organization shall make final reservations at least two working days in advance of the function.

### VOLUNTEERS

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Members who would like to volunteer their time should speak to the school's Volunteers in Public Schools (VIPS) chairperson or principal. The volunteer should complete the VIPS application form [See [Exhibit 25](#)] and provide an official photo I.D. The volunteer will be subject to a background check. The campus will notify the volunteer when they may begin to volunteer. The campus shall provide the volunteer an orientation and applicable District policies and procedures.

A District nonexempt (hourly) employee should not volunteer unless:

- The employee has a child or grandchild attending the school at which the employee will be volunteering for the parent organization.
- The employee does not provide the same type of services as provided during the normal workday.
- The employee is volunteering services to the parent organization in the sole capacity of parent or grandparent and not as an employee of the District.

## DONATIONS TO THE DISTRICT

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A District *Donation Approval Request* form [See [Exhibit 26](#)] shall be completed for all monetary and nonmonetary donations to the District. Donations shall be given to the campus business office and not directly to coaches or students (see UIL section). For additional details refer to *Donations to the District* under the *Financial* section. The parent organization shall obtain approval from the sponsor and principal prior to purchasing items to be donated to the District. Donations which result in landscaping and/or building modifications must be approved by the Operations Department. Donations for travel expenses must be made in cash (Policy FMG Local) in order for the campus to make the travel arrangements. Donations become the sole property of the District; however, the District's administration has historically assigned the donated asset (personal property/cash) to the campus/department asking for the donation approval. Once accepted, donations cannot be returned to the donor.

## TRAVEL

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Funds for District-sponsored travel, even if primarily provided by participants and/or booster clubs, or organizations, shall be deposited into the District's student activity fund accounts. The purpose of this provision is to facilitate accounting for these funds and ensure cost containment through District contract and purchasing services. For additional information refer to Policy FMG (Local) [See [Exhibit 27](#)].

## RECORD RETENTION

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The organization shall maintain the necessary records listed below. Records have either a permanent or temporary record retention period.

### **Permanent Records**

#### Internal Records:

- Parent Organization Registration Forms
- Articles of Incorporation/Association
- Bylaws
- Minutes from Meetings
- Financial Audit Reports

#### State Records:

- Sales Tax Permit Application (if applicable)
- Sales Tax Permit (if applicable)
- Certificate of Incorporation Application (if applicable)
- Certificate of Incorporation (if applicable)
- Sales/Franchise Tax Exemption Application (if applicable)
- Sales/Franchise Tax Exemption (if applicable)

#### Federal Records:

- Form 1023, Application for Recognition of Exemption (if applicable)
- Tax Exemption Determination Letter (if applicable)

### **Nonpermanent Records (5 years)**

#### Internal Records:

- Support for financial transactions

#### City:

- Food Establishment Application (if applicable)
- Food Establishment Permit (if applicable)

#### State Records:

- Sales Tax Forms Filed
- Other correspondence with the Texas Secretary of State and the Texas Comptroller's Office

#### Federal Records:

- IRS Forms 990, 990-EZ, or 990-N filed
- Other correspondence with the IRS

Before discarding any records, confirm with the Texas Comptroller's Office and the IRS that the organization is in good-standing and that no open items or issues exist related to the time period involving the records to be discarded.



## TRAINING

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The board of directors, committee members, and general members shall read the EPISD Parent Organization Guidelines, GE(Local) [See [Exhibit 16](#)], UIL Booster Club Guidelines [See [Exhibit 21](#)], and any other applicable governing documents which relate to the members roles and responsibilities.

## FINANCIAL

This section describes the financial controls and procedures necessary to establish financial accountability and accurate reporting for the parent organization.

### ACCOUNTING SYSTEM

The parent organization shall implement an accounting system which will meet the needs of the organization for several years. Software packages (i.e. Excel, Quick Books, etc.) should be evaluated based upon need, ease of use, cost, required training, and transferability to forthcoming treasury officers. Accounting transactions shall be recorded in the accounting system to establish financial accountability, produce financial reports, and perform research. The accounting system should at a minimum track revenues and expenses. The treasurer shall be responsible for maintaining the accounting system.

### BANK ACCOUNT

The parent organization shall establish its own checking account to be able to make deposits and disbursements. The checking account shall be established with a unique EIN number belonging to the organization. A person's social security number or the District's EIN number shall not be used to set up the checking account. The president, treasurer, and vice president shall be authorized signers. A District employee may not be an authorized signer. Bank statements shall be mailed to the organizations official address.

### CARRY-OVER BALANCES

No regulation exists concerning the maximum amount of funds the parent organization may have in their account. Any money not used during the year shall be carried over to the following year. The organization shall leave the succeeding year organization with a beginning fund balance sufficient to begin business. The organization may save money raised over a couple of years for a large expense. The organization shall inform its members and campus the reason for the excess funds.

### BUDGET

The parent organization shall develop a financial budget [See [Exhibit 28](#)] at the beginning of the school year prior to generating revenue or incurring expenses. The budget is to list all forecasted revenue and expenses for the current school year. The budget and budget amendments shall be approved by the board of directors and made available to its members unless the bylaws require approval from the general membership. The budget must be amended before paying for or ordering items not on the budget. Petty cash accounts, credit cards, or similar discretionary funds should not be provided to sponsors. The organization is restricted to fundraisers and expenditures listed in the budget.

## FISCAL YEAR END

The parent organization shall establish a fiscal year-end date of June 30<sup>th</sup>.

## FINANCIAL REPORTS

The financial reports [See [Exhibit 29](#)] shall include revenues and expenses. The financial reports shall be provided to the membership and principal twice a year (December and July). The Financial Reports shall include at a minimum:

- Name of school,
- Name of the parent organization,
- Name, title, and signature of the person who prepared the report,
- The time period covered in the report, and
- The date the report was prepared.

## AUDITS

The audit committee consists of members who are independent from day-to-day financial activities shall audit the organization's financial records to ensure compliance with approved procedures and to ensure financial reports are presented fairly. The audit committee shall not make any corrections to the records, checkbook, or financial reports.

The committee shall audit the financial reports issued in December and July by applying the following steps:

- Ensure all money received was properly accounted for and deposited,
- Ensure all disbursements were allowable (addressed in the budget), properly supported, and approved,
- Ensure financial transactions were properly posted,
- Ensure bank reconciliations are accurate,
- Ensure financial reports are accurate.

The committee shall also verify that sales tax reports and federal returns have been sent to the Texas State Comptroller's Office and the IRS.

Discrepancies found through the audits shall be brought to the attention of the treasurer and president.

The audit committee shall make a report to the general membership upon completion of the audit (January and September at a minimum). A copy of the audit report shall be provided to the campus principal.

The audit committee should select one of three options to document the results and conclusions of their audit along with a list of discrepancies found: Type A, Type B, and Type C.

- Type A states that the audit was performed with no exceptions noted; therefore, the financial report appears proper and correct.
- Type B states that the audit was performed with immaterial exception(s) being noted. The financial report was either corrected or exceptions did not have a material effect. Other than that, the financial report appears proper and correct.
- Type C states that the audit was performed with material exception(s) being noted; therefore, the financial report is not proper and correct.

## CHARITABLE CONTRIBUTIONS RECEIVED

The parent organization shall provide the donor a letter of acknowledgement containing the name of the organization, the date, amount of the cash received or a description of any property contributed, and whether the organization provided any goods or services in exchange for the contribution. For nonmonetary items the contribution amount will be the fair market value. If the contribution entitles the donor to goods or services, the contribution amount shall be the amount that exceeds the fair market value of the benefit received. A 501(c)(3) parent organization may inform the donor that the charitable contribution is tax deductible. However, if the parent organization has not formally applied for recognition through Form 1023, an IRS Determination Letter will not be available to provide to the donor. Donors may request this letter prior to making donations.

## DONATIONS TO THE DISTRICT

The parent organization shall obtain approval from the sponsor and principal on the Donation Approval Request form [See [Exhibit 26](#)] prior to purchasing items to be donated to the District. Donations which result in landscaping and/or building modifications must be approved by the Operations Department. Donations become the sole property of the District; however, the District's administration has historically assigned the donated asset (personal property/cash) to the campus/department asking for the donation approval. Once accepted, donations cannot be returned to the donor.

## TITLE IX

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To assist in ensuring equity among athletic programs, the parent organization shall consult with the sponsor and principal prior to beginning fundraisers and making donations to the campus. It is recommended that booster clubs support both boys and girls sports. For example, establish a basketball booster club that would support both boys and girls basketball. Another method would be to unite all booster clubs and distribute funds equitably among all sports.

## STUDENT ACCOUNTS

Tax-exempt organizations cannot use individual accounts. "Individual accounts" are those accounts used by a parent organization to credit an individual with revenues raised and expenses incurred. For more information reference the Compliance – Federal Tax Exemption section.

## FUND RAISERS

Before any fund-raising activity occurs, the parent organization shall decide whether the fund-raiser is a parent organization fund-raiser (money is deposited directly into the parent organization's bank account) or whether it is a school fund-raiser (money is deposited directly into the District's student activity fund account for the student group). The parent organization is only responsible for cash collections, accounting, and compliance requirements for fund raisers that they organize.

The parent organization shall complete the *Parent Organization Fund Raiser Application* form [See [Exhibit 30](#)] to conduct a fund raiser. The fund raiser application should be submitted to the principal for approval. Students may participate in on-campus fund raising activities in conjunction with the parent organization only with principal

approval. There is a limit of two fundraisers per year with the involvement of students, one in the fall, and one in the spring. Approved fund raising activities are to be conducted before school, after school, or during lunch, so as not to interfere with instructional time. This includes the distribution of materials and the collection of funds.

All funds must be collected by parent organization representatives and money must be removed from the campus. District employees should not in any way be involved in fund raising activities while on duty. Parent organizations are discouraged from competing with the District's lunchroom and campus student organization fund raising activities on campus.

## CONCESSION STAND

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The parent organization may have a concession stand (Campus Accounting Manual Section 15: Booster Clubs and PTA) at a school-sponsored event provided that:

- Approval is obtained in advance from the campus principal,
- The organization remits at least ten percent of the gross sales from the concession stand to the school,
- The parent organization complies with applicable El Paso Department of Public Health and District requirements, and provides a copy of the Food Establishment Permit to the financial clerk before any activity is held on district property.

## UNALLOWABLE FUND RAISERS

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Unacceptable fund raising activities on campus include:

- Gate receipts or admission for Fine Arts activities, unless the parent organization retains only a portion of the receipts to fairly compensate it for its efforts in regard to the activity, with the balance (not less than 50% unless approved by the campus principal) to be remitted to the school and/or student organization, on a basis to be agreed in advance by the campus principal
- Gate receipts or admission for athletic activities
- Bingo games
- Raffles (may be permitted off campus)
- Homemade baked items during the school day

## RAFFLES

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Charitable raffles may be conducted (off campus) if they meet the conditions imposed by the Charitable Raffle Enabling Act (CREA) [See [Exhibit 31](#)], some of which are summarized below:

- The nonprofit organization has existed for at least three preceding years.
- The nonprofit organization has received a determination letter from the IRS to support the exemption from federal income tax under Section 501(c).
- The nonprofit organization does not distribute any of its income to its members, officers or governing body.
- The nonprofit organization does not devote a substantial part of its activities to attempting to influence legislation; and does not participate in any political campaign.

A qualified organization is not required to register with the state before conducting a raffle. However certain restrictions apply:

- A qualified organization may hold only two raffles per calendar year and only one raffle at a time.
- Raffle tickets may not be advertised statewide, through paid advertisements, or phone solicitations.
- 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.
- Cash prizes are unallowable.
- The value of the prize may not exceed \$50,000 or \$250,000 if the purchased prize is a residential dwelling.

Only raffles held according to the terms of the Charitable Raffle Enabling Act are authorized raffles. An unauthorized raffle is considered gambling under the Texas Penal Code. Conducting such a raffle is a Class A misdemeanor. Participating in an unauthorized raffle is a Class C misdemeanor. A county attorney, district attorney, or the attorney general may bring an action in state court to stop a violation or potential violation of the Charitable Raffle Enabling Act. For additional information read *Raffles in Texas Frequently Asked Questions* [See [Exhibit 32](#)].

## FUND RAISING RECAP

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The organization shall document the profit/loss of the fund raising activity by completing the *Fund Raising Recap* [See [Exhibit 33](#)]. The completed recap shall reconcile with the organization's accounts. The recap shall be provided to the campus within 45 days after the activities ending date.

## MEMBERSHIP DUES

The organization may charge dues to their members (the parents); however, parents do not have to be members of the parent organization for their children to participate in the student group activities. Membership dues are separate from the expenses incurred by sponsoring a student group (e.g. trip expense, uniforms, etc). Membership dues are associated with the parents being part of the parent organization and are in no way associated with the expenses related to that parent's child.

## MONEY HANDLING

Money handling shall be performed or supervised by the treasurer. For each fund raising event, the treasurer shall select the cash handling method which is most appropriate (accountable and feasible). Below is a list of the allowable cash handling methods.

### Prenumbered Cash Receipts

- The treasurer purchases cash receipt books.
- The treasurer maintains a cash receipt book Log which lists all cash receipt books purchased.
- The treasurer issues cash receipt books to members responsible for collecting cash and records issuance of the books on the Receipt Book Log.
- The collector issues cash receipts in the presence of the person turning in money.
- The collector turns in all money collected to the treasurer.
- The collector and treasurer count the cash to ensure cash received equals total cash receipts.

### Tickets

- The treasurer purchases tickets.
- The treasurer maintains a ticket log which lists all tickets purchased.

- The treasurer issues tickets to those members responsible for selling tickets and records issuance of the tickets on the Ticket Log.
- The collector issues tickets in the presence of the person turning in money.
- The collector turns in all money collected to the treasurer.
- The collector and treasurer ensure cash received equals the amount of tickets sold.

#### Collection Log (used for small collections)

- The treasurer provides a collection log to the member responsible for collecting cash.
- The collector receives the cash and completes the Collection Log by entering the name of the person turning in the cash, the amount and the date.
- The collector turns in all money to the treasurer.
- The collector and treasurer ensure cash received equals the total amount listed on the collection log.
- This method is to be used only if it would be impractical to issue cash receipts or tickets.

#### Sales Worksheet

- The treasurer develops a sales worksheet with columns (categories) listing the items to be sold (e.g. soda, hot dog, etc.) along with standard prices.
- The sales person keeps track of the quantity sold for each category with tick marks.
- After the sale is over, the sales person calculates the total amount that should have been received for each category and calculates a grand total.
- The sales person turns in all money to the treasurer.
- The sales person and treasurer ensure cash received equals total sales.
- This method is to be used only if it would be impractical to issue cash receipts or tickets.

#### Inventory Worksheet

- The treasurer develops an Inventory Worksheet with columns (categories) listing the items to be sold (e.g. pencils, notebooks, etc.) along with standard prices.
- Prior to the sale, the sales person counts the quantity for each category and lists beginning quantities on the inventory worksheet.
- After the sale is over, the sales person recounts the quantity for each category and lists the ending quantities on the inventory worksheet.
- The sales person subtracts the ending quantity from the beginning quantity to calculate quantity sold per category. Then, multiplies quantity sold times the standard price for each category.
- The sales person sums the sales of each category to calculate a grand total.
- The sales person turns in all money to the treasurer.
- The sales person and treasurer ensure cash received equals total sales.
- This is the least preferred method as sales are not tracked while they are occurring.

## DEPOSITS

All money received by the organization shall be delivered to the treasurer for deposit. The treasurer shall recount the money received and verify that supporting documentation is adequate. Any overages or shortages shall be documented and explained by the member turning in the money. The treasurer shall prepare a deposit slip the same day the money was received. The deposit slip amount should match the amount of money received. A copy of the deposit slip shall be bundled with the supporting documentation. The treasurer shall make deposits within 24 hours after receiving money. Money received should only be deposited in the parent organization's account. All deposits shall be entered into the accounting system. Deposits shall be reconciled on a monthly basis to the parent organization's bank statement(s).

## RETURNED CHECKS

The organization shall use the following steps to handle returned checks:

- Send a notice of dishonor [See [Exhibit 34](#)] to the check writer
- In the notice of dishonor:
  - Demand payment within (10) days of receipt of the notice,
  - Request a merchant collection fee of \$25,
  - Send a copy of the check to the check writer.
- Send the notice of dishonor by certified mail, return receipt requested.
- Keep a copy of the notice of dishonor, check, and confirmation of receipt

If the check writer does not respond, send the following to the County Attorney's Office and make copies for your records:

- The original check
- The notice of dishonor
- The return receipt (green card) or sealed returned envelope
- The County Attorney Hot Check Intake form [See [Exhibit 35](#)]

For additional information read *Hot Check Unit* [See [Exhibit 36](#)].

## REFUNDS

Request for refunds shall be approved by the president. The person requesting a refund shall provide proof of payment. The treasurer shall ensure the refund was not previously made. Refunds shall be documented on a Disbursement Voucher and should not exceed the amount of the payment. Refunds shall be provided through a check.

## SAFEGUARDING MONEY AND RECORDS

Money and related records shall be safeguarded from loss by applying the following steps:

- Money and blank checks shall be kept in a locked area
- Money and records of money received (e.g. receipts, copies of checks) shall be stored in separate locations
- Money received and not yet deposited should not be used

## DISBURSEMENTS

Allowable disbursements shall be:

- Approved in the budget
- Meet the purpose of the organization
- Be in compliance with all regulatory requirements

The board of directors (unless bylaws require general membership approval) may amend the budget to authorize additional expenditures. The president and treasurer are authorized to make disbursements according to the approved budget by completing a Disbursement Voucher (DV) [See [Exhibit 37](#)]. The DV shall be prepared and approved prior to making any disbursements.



- The TOP SECTION of the DV lists goods or services to be purchased, purpose, amounts, approvals, and dates. This section is prepared by the person requesting the purchase. This section may consist of estimates in unit price, extended price, and total cost. The information recorded here is compared to the invoice/receipt in order to determine whether there was prior approval for the purchase.
- The President and requestor are required to sign and date the top portion of the DV.
- The BOTTOM SECTION of the DV is completed when the check is prepared. The treasurer and president must sign and date this section prior to preparing the check.
- Each DV is numbered according to the corresponding check number.

All disbursements shall be recorded in the accounting system and reconciled to bank statements on a monthly basis.

## PAYMENT OF SERVICES

The parent organization shall seek volunteers to perform work for the organization. If the organization needs additional help through hired workers, the organization shall first consider the tax and reporting requirements. Please note that payroll law can become complicated. Athletic parent organizations cannot support athletic camps, clinics, private instruction, or any activity outside of the school (see UIL Booster Club Guidelines).

It is critical that the parent organization, as the employer, correctly determine whether individuals providing services are employees or contractors [See [Exhibit 38](#)]. Generally, the parent organization must withhold income taxes, withhold and pay Social Security and Medicare taxes, and pay unemployment tax on wages paid to an employee. The parent organization does not generally have to withhold or pay any taxes on payments to independent contractors. Inappropriately classifying an employee as a contractor can lead to future tax obligations, interest and penalties.

The classification decision is based on the level of control the parent organization has over the individual performing the service. Less control may indicate that the service provider is a contractor, while more control may indicate an employee relationship. Depending on the classification, the appropriate withholding and tax procedures shall be applied as required by the IRS. The following are summarized reporting requirements (not all inclusive):

- A parent organization shall issue a 1099 form to independent contractors which were paid more than \$600 during a calendar year.
- A parent organization shall issue a W-2 form to employees and withhold funds as required by the IRS.

## CHECK ISSUANCE

The following rules shall be applied when issuing checks:

- All disbursements must be made through checks.
- All checks must be made out to a specific person, company, or organization. Checks cannot be made payable to “cash” or to the “sponsor.”
- The check must be typed or written in ink.
- The president and treasurer shall sign all checks. The vice president may be used as an alternate for both the president and treasurer in emergency cases.
- Under no circumstances shall checks be pre-signed.
- Blank checks cannot be issued. If the amount of the disbursement is unknown, the president and treasurer should ensure that all other major components on the check are completed. This

includes: payee, date, purpose, and authorization. If one of these checks is lost, it is the responsibility of the member to immediately notify the treasurer in order that the Stop Payment Request can be processed.

- If it becomes necessary to void a check, the check signatures must be cut off and the check must be clearly marked "VOID." The voided check must be filed with the corresponding Disbursement Voucher. Do not alter or erase a check. Reissue if a change needs to be made.

## REIMBURSEMENTS

Reimbursements are discouraged. Whenever possible, the check should be written to the vendor. Checks may be issued to members to reimburse them for personal funds expended on behalf of the organization provided that they:

- Receive prior written approval from the president on a Disbursement Voucher,
- Submit proper documentation that supports the expenditure,
- Do not pay for services.

## RECEIVING

Original dated invoices or machine register tapes shall be attached to the Disbursement Voucher. The person receiving the goods or services shall sign the invoice or receipt. The signature indicates satisfactory receipt of goods or services.

## DISPOSING OF ASSETS

Members shall not dispose of property belonging to the organization without authorization from the president. Property of the organization may be sold at fair market value and all proceeds shall be deposited to the organization's bank account.