

# **Parent Organization Handbook**

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**2022-2023**



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## **FOREWORD**

This manual is designed to assist parent organization officers and members by providing organizational and financial guidance. Only approved organizations, operating under these guidelines and Lake Travis Independent School District policies and procedures, shall be allowed to use the District or school name and/or facilities in support of its programs. Specific questions regarding organization activity should be addressed to the campus principal/administration.

It is important to recognize that, while the District has requirements for specific activities of parent organizations associated with the District, a school or program, the activities and finances of the parent organization are the ultimate responsibilities and obligations of the organization, not the District or its employees. This handbook does not provide any legal, financial, or tax advice. Members of parent organizations should seek such advice independently of the District as determined necessary.

## OVERVIEW

The purpose of this handbook is to provide parent organizations with guidance in order to comply with school board policies, laws, regulations and organizational bylaws. This handbook will provide guidelines for fiscal accountability measures that will uphold the integrity of the organization and help ensure funds are spent for the purpose related to the financial goals and objectives of the organization.

Within each of the following topics, the words “shall” or “must” reflect a district requirement. More passive words such as “should” or “may” reflect recommendations based on sound accounting practices, tax implications and guidelines from regulatory agencies. This includes topics in which the organization should seek outside professional advice.

A Booster Organization supports a particular student group or program through a Sponsor. A PTA/PTO supports their campus through the principal. The Sponsor is a District employee who serves as the liaison between the Booster Club and the District. In addition, the Principal or other appropriate Administrator (if the Booster Club is not located at a school) must approve various activities of both the student group and the related Booster Club. The main responsibilities of a Booster Club/PTA/PTO (“Organization”), a Sponsor, and a Principal/Administrator are indicated below:

**Booster Club:** A Booster Club helps to enrich the school’s participation in extracurricular activities and is responsible for supporting a student group, activity or program. Support may be as simple as providing refreshments for a particular event or support may be as complex as raising money for an out-of-area competition. The Booster Club works through the Sponsor to provide assistance for the planned activities of the student group; however, the final decision rests with the campus principal/administrator. The members of the Booster Club may provide suggestions about particular activities; however, the Sponsor is responsible for the final decision with the Principal/Administrator’s approval.

**Sponsor of a Booster Club:** A Sponsor is an employee of the District who serves as the liaison between the Booster Club and the District, under the supervision of the Principal/Administrator. The Sponsor is responsible for determining the various activities and trips in which the student group will participate with the approval of the Principal/Administrator. In addition, the Sponsor shall work very closely with the Booster Club and provide guidance to the organization. The Sponsor shall not be considered an officer or member of the Booster Club. However, the Sponsor shall approve all student/school-related activities of the Booster Club in accordance with Board Policy GE (Local).

**Principal/Administrator (for Booster Clubs):** The Principal/Administrator is responsible for approving the activities of the student group and some activities of the related Booster Club.

**PTA/PTO:** A PTA or PTO is responsible for supporting the students and staff on a campus. Support may be as simple as providing refreshments for a particular event or support may be as complex as raising money for an outdoor nature center. The PTA/PTO works through the Principal to provide assistance for the planned activities for the students or staff; however, the PTA/PTO does not have the authority to decide the activities or trips in which the student group will participate. The parents and members of the PTA/PTO may provide suggestions about particular activities; however, the Principal is responsible for the final decision.

## **FORMATION OF A PARENT ORGANIZATION**

The following guidelines are to provide a general concept related to the steps that should be taken when forming an organization. Consultation with the appropriate professional (accountant, attorney) is recommended.

### **Guidelines For Getting Started as an Organization**

1. Incorporate as Nonprofit Corporation – Secretary of State, Form 202 (PTA-contact state organization)
2. Get an Employer Identification Number – IRS, Form SS-4
3. Get a Sales Tax Permit – State Comptroller, Form AP-201 or file on-line
4. File for Exemption under 501(c) (3) – IRS, Form 1023 (PTA-contact state organization)
5. File for Exemption from State Sales Tax, Franchise Tax and Hotel Tax – State Comptroller, Form AP-204 (Booster Clubs), AP-207 (PTA and PTO)

## **STATE AND FEDERAL REPORTING**

### **Non-Profit Corporations**

Although not required, organizations are encouraged to incorporate under the Texas Business Organizations Code. A non-profit organization is created by filing a certificate of formation with the Secretary of State in accordance with the Texas Business Organizations Code. A non-profit corporation is characterized by the fact that no part of the income is distributable to members, directors, or officers. Not all non-profit corporations are entitled to exemption from state or federal taxes.

### **Completion of Form 202**

Certificate of Formation Nonprofit Corporation is necessary to incorporate a booster club. This form is available on the Secretary of State's website (refer to the References page of this document for the website address). Two copies of the signed Form 202 should be submitted along with a filing fee.

Other non-profits may be established, such as an association. The organization should seek outside counsel for assistance in determining the type of non-profit that will best suit the organization.

### **Application for Federal Tax Exempt Status**

Each organization must file for an employer identification number on Form SS-4, Application for Employer Identification Number.

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 organization 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 Internal Revenue Service website (refer to the References section for the website address). The application must be accompanied by Form 8718, User Fee for Exempt Organization Determination Letter Request, which provides a user fee to be paid to the Internal Revenue Service. The filing fee varies based on the anticipated annual gross receipts.

Upon acceptance of the organization's exempt status by the Internal Revenue Service, a determination letter will be received as evidence of approval. The letter should be kept in a safe, permanent place as it will be used time and again to prove the organization's exempt status. In addition, a copy of the letter shall be provided to the District's Community Relations Liaison.

### **Application for State Sales Tax Permit and Tax Exempt Status**

A Sales Tax Permit should be applied for if fundraising will be conducted by the organization. This is filed with the State Comptroller's Office by submitting Form 201 or by applying online. See State Comptroller's website in the Reference section of this handbook.

The organization should apply for an exemption from sales tax, franchise tax and state hotel occupancy tax from the Texas State Comptroller's office. [Completion of Form AP-204 (Booster Clubs) or AP-207 (PTA and PTO)].

### **Filing Requirements**

Every organization exempt from federal income tax under section 501(a) is required to determine the necessity of filing an annual Form 990, Return of Organization Exempt from Income Tax. Consult with your tax professional or the IRS for additional assistance.

Even though organizations are recognized as tax exempt, they may be liable for 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.

File annually Form 1099 to unincorporated vendors and individuals who received payments of \$600 or more for services rendered, as well as Form 1096 with the IRS.

A sales tax return must be filed with the Comptroller of Public Accounts on either a monthly, quarterly or annual basis, as determined by the amount of sales tax due.

## **OFFICER AND COMMITTEE GUIDELINES**

Each organization must develop and maintain bylaws that shall be jointly reviewed on an annual basis by the campus principal and the parent organization officers. A current copy of the organization's bylaws must be submitted to the LTISD Community Relations Department.

The bylaws should contain the details of the rules of membership. This document must address the organization's fiscal year, organizational structure and the method used to elect officers. Only active members in good standing should be permitted to hold office or vote upon any matter of business of the organization.

The bylaws shall specify that there is a two year maximum term that members may serve in roles as the President or Treasurer. In addition, the bylaws shall address the restriction that only one member of a family may serve as an officer at the same time, unless parents are serving as co-chairs in the same office which limits the family's vote to one.

Employees of the District shall not serve in a financial capacity of an organization. Financial capacity includes holding positions of president, treasurer, fund-raising chairperson, or serving as a check signer. In addition, employees of a campus may not serve on the executive board of an organization that supports the campus/students of the same campus.

The organization should elect officers on an annual basis. The following are common officer positions and committees within an organization.

### **President**

Typically, the president of an 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 organization activities (regularly is defined as monthly at a minimum);
- Resolve problems in the membership;
- Regularly meet with the treasurer of the organization to review the organization's financial position. Review all financial statements at least on a monthly basis;
- Select an officer as the designee to receive bank statements through the mail at their home address or online. This individual should not be a signer on the account. Upon receipt, the designee should review the activity on the bank statement and canceled checks. This provides an independent review by an individual not associated with disbursement activity;
- Schedule an annual review (audit) of records or request an audit if the need should arise during the year;
- Perform any other specific duties as outlined in the bylaws of the organization;
- The President should review and have access to all documents related to the work of the PTO/PTA/Booster organization at all times;
- As this officer is held responsible for the ultimate work of the organization, it is his duty to ensure all members and officers are working in compliance with LTISD policy, as well as state and federal regulations;
- The President and one other designated officer should sign any legal or financial contract or agreement between the organization and a 3rd party. No contract or agreement should be signed without one of the signatories being that of the President. No contract or agreement should ever be signed on behalf of LTISD;
- School district employees shall not serve in the capacity of president.

### **Vice-President**

The vice-president acts as the president's representative in his/her absence. He/she should remain familiar with the organization's activities. 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;
- Perform other specific duties as outlined in the bylaws of the organization.



Note: Larger organizations may find it necessary to elect several vice-presidents with responsibility over different areas. Such positions should be clearly defined in the bylaws of the organization. School district employees shall not serve in the capacity of vice-president if the vice-president is authorized to sign checks, approve payments or has oversight of any other financial responsibilities within the organization.

## **Secretary**

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

- Report on any recommendations made by the executive board of the organization if such a governing board is defined in the bylaws;
- Maintain the records of the minutes, approved bylaws and any standing committee rules, current membership and committee listing;
- Record all business transacted at each meeting of the association as well as meetings of any executive board meetings in a prescribed format;
- Maintain records of attendance of each member;
- Conduct and report on all correspondence on behalf of the organization;
- Other specific duties as outlined in the bylaws of the organization.
- School district employees shall not service in the capacity of secretary if the secretary is authorized to sign checks, approve payments or has oversight of any other financial responsibilities within the organization.

## **Treasurer**

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

- Serve as chairperson of the Budget and Finance Committee if prescribed within the bylaws of the organization;
- Issue a receipt for all monies received and deposit said amounts on a weekly basis (daily if receipts on hand exceed \$250);
- Present a current financial report including bank statements, bank reconciliations, and financial statements to the executive committee within thirty days of the previous month end; Copies should be available for review by the general membership within a reasonable timeframe, if requested;
- File current financial reports at the end of the school year with the principal/administrator and the Community Relations Liaison;
- 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 comptroller's office (monthly, quarterly, or annually);

- File annual IRS form 990, 990-N or 990-EZ in a timely manner;
- Submit records to audit committee appointed by the organization upon request or at the end of the year. Please see "Budgetary & Oversight Controls" for specific audit requirements;
- Other specific duties as outlined in the bylaws of the organization. Note: Due to the increasing requirements placed on charitable organizations by regulatory authorities, it is strongly recommended that the Treasurer have an accounting background. School District employees shall not serve in a capacity of Treasurer.

### **Parliamentarian**

The primary duty of the parliamentarian is to advise the presiding officer on parliamentary law and matters of procedure when requested. The president or presiding officer of the organization alone has the power to make decisions or rule on a point of order. Thus, after the parliamentarian has given his advice, the presiding officer should make the ruling to the organization – he/she 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 on which he/she serves. A copy of the most recent version of Roberts Rules of Order should be maintained by the organization and referenced as needed.

### **Ad Hoc Committees**

Special committees are created for a specific purpose and voted upon by the membership. The committee is automatically dissolved as soon as that purpose is accomplished and the committee report is made. Ad Hoc 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. Individuals who have a conflict of interest should not be allowed to serve as members of the committee. For example, senior parents would not be included on a scholarship committee since their child is a potential recipient of the monies.

### **Nominating Committee**

The nominating committee is formed from the organization's membership in the spring of each year. The purpose of the committee is to recommend various members of the organization for office in the coming school year. The nominating committee should be charged with soliciting recommendations for officer positions within the organization. The committee should then contact the potential candidate directly to ascertain their willingness and desire to serve. The nominating committee should report back to the membership on their results in the spring (typically by mid-April) so that elections may be held no later than the first week of May.

### **Review (Audit) Committee**

At the end of the fiscal year (May 31 or June 30), an audit of the organization's financial records should be conducted. The audit should be performed by individuals who are independent from day-to-day financial activities. Ideally, this audit should be performed by a group of three individuals; however, if the membership size does not allow, the audit may be performed by two individuals. The primary objectives of the audit are to:

- Verify the accuracy of the Treasurer's financial reports; Ensure that the club's cash balances are accurate;
- Determine that established procedures for handling organization funds have been followed; Ensure that expenditures occurred in a manner consistent with the organization's bylaws; Ensure that all revenues have been appropriately received and recorded;
- All members of the audit committee should sign a statement indicating their agreement with the findings detailed in the report.

The audit committee should make a report to the general membership upon completion of the audit. Any discrepancies noted should be brought to the attention of the president of the organization and a resolution reached prior to presentation. All officers of the organization should make records available as requested by the committee. Suggested audit guidelines are included in Appendix A of this handbook. Copies of final audit reports shall be submitted to the Campus Principal/Administrator and Community Relations Liaison by October 1 of each year for compliance with GASB 39 and accounting by the District to recognize the value of donations made on behalf of the parent organizations for the benefit of the students.

### **Election of Officers**

The election of officers of the organization should occur annually within the timelines and manner prescribed by the organization bylaws. Typically the election of officers should occur by May 1 of each year so that the newly elected officers may be in place for the start of the next school year. The transfer of records and audit of the accounts should be completed no later than 30 days following the end of the fiscal year.

Officers may be elected by different methods (i.e., simple majority, secret ballot) in accordance with the organization's bylaws. 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. Refer to the beginning of the Officer and Committee section of the handbook for specifics on maximum terms and limited family members in officer roles within the organization.

### **Standards for Meeting**

Notice of all meetings of the organization shall be posted at least seventy-two hours prior to the meeting date. The posting can be in the office of the campus or on the campus/organization websites. The notice should clearly indicate the date and time of the meeting and the items to be discussed. All parent organization meetings should take place on district premises. In order to provide an optimum level of communication and teamwork, meetings of the general membership and organization board (executive committee) shall be held in the presence of the campus principal/administrator and other school sponsor (if applicable). Business determined at meetings without adequate campus representation shall be considered null and void.

### **Rules for Dissolution**

To dissolve an organization, a resolution should be adopted by the organization (or the executive board if the organization is inactive) stating that the question of such a dissolution be submitted to a vote at a special meeting of the members having voting rights. At least 30 days prior to the meeting, written or printed notice should be given to each member entitled to vote stating that the purpose of such meeting is to consider the advisability of dissolving the organization. The organization should determine the distribution and usage of treasury monies and other assets before dissolution. In order to comply with Internal Revenue Service guidelines, care should be taken to ensure that excess funds are distributed within the framework of the organization's original purpose – i.e. band booster funds would remain with the musical program at that particular campus. Any other distribution of funds could void the organization's tax exempt status and force it into a fully taxable situation.

## **Record Keeping**

The secretary and treasurer of the organization should turn records over to the incoming officers within 30 days of election. A retention schedule of records should be created and maintained. Certain records, such as Articles of Incorporation/Association, Bylaws and amendments, IRS Determination Letter, annual budget, end of year financials and tax filings should be maintained as permanent records. Day to day financial records should be maintained for at least 7 years. Other records should be identified and maintained in accordance with the records retention schedule.

## **Partnering with LTISD**

Parent organizations are a vital partner in the education of our students and strengthen our ability to provide quality programs and services. The District strives to maintain strong relationships with each parent organization. To maintain healthy and professional relationships, the following guidelines shall be followed by parent organizations operating within LTISD:

1. Comply with all applicable LTISD board policies and administrative guidelines, UIL guidelines, federal and state rules, laws and regulations.
2. A Booster Club is responsible for supporting a student group, activity or program and a PTA or PTO is responsible for supporting the students and staff on a campus. The campus principal/administrator and campus sponsor must be involved with all fundraising planning and decision making.
3. Maintain strong and ongoing fundraising communication with the campus sponsor, principal/administrator, Community Relations Liaison and Directors of Athletics and Fine Arts, as appropriate.
4. Submit the following documents to the campus principal and Community Relations Liaison on or before September 1 of each school year in accordance with School Board policy GE (Regulation):
  - Fundraising Activity Approval Form for the current fiscal year
  - Current adopted bylaws
  - Proposed budget for the current fiscal year
  - Audit Report for the previous fiscal year
  - Operating procedures
  - Minutes of all meetings for the previous fiscal year
5. Comply with Administrative guidelines and Board policy (CDC) when donating money or other items to the District.
6. Share a mutual respect for protocol and campus guidelines when communicating with staff.
7. Communicate to vendors and others that parent organizations activities, contracts, purchases, or financial commitments are made on behalf of the organization and not LTISD or any of its campuses.
8. Maintain separation of duties between organization officers and sponsors of school club or athletic groups. District employees, including sponsors, are prohibited from direct financial authority or financial oversight within the organization. Exception: employees, as a parent (member of the organization) may participate in fundraising activities, such as selling tickets at a carnival or selling discount books.
9. Comply with all LTISD facility use requirements.
10. Adhere to standards of confidentiality as outlined in the Confidentiality and Commitment Guidelines provided in the LTISD Volunteer Handbook.
11. Use this Parent Organization Handbook only as a guide. Obtain competent, independent counsel on legal, accounting and tax matters related to specific organizational needs and UIL guidelines.

## **FINANCIAL INFORMATION**

### **General**

The organization's bylaws shall 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. The budget shall be submitted to the campus principal/administrator to review for reasonableness. Changes to the budget during the year shall be approved by the membership.

All organization business addressed during meetings should be approved and reflected in the meeting minutes to provide documentation of the membership's directives.

There are a wide variety of computerized accounting packages available to assist the organization in accurately accounting for financial transactions. Each organization should adopt an accounting package or computerized accounting method which will meet the needs of the organization for several years. Software packages should be evaluated based upon their ease of use, cost, required training, and transferability to forthcoming treasury officers.

### **District Orientation**

In the spring of each year, the District will provide information to the organization presidents, treasurers, and sponsors with regard to district requirements, financial controls and reporting, and other general topics.

### **Liability Insurance**

Organizations must purchase general liability insurance to protect the organization and its members, or at a minimum, must have documentation of event insurance coverage for activities conducted on school premises. Coverages to be considered should include general liability, officer's liability, business personal property (if organization owned property exists), and fidelity (otherwise known as bond) coverage. The cost of the insurance varies depending on the amount of coverage, but is generally reasonable. Insurance underwriters for organizations, in many cases, require an annual audit to be performed by a Review (Audit) Committee and should have a procedure in place to have bank statements and reconciliations reviewed by members without check signature authority.

### **Financial Reporting to the District**

GASB Statement No. 39 of the Governmental Accounting Standards Board requires the District to obtain and review financial performance information of supporting organizations to determine whether these organizations should be considered a component unit. Organizations are required to submit to the Community Relations Liaison the end-of-year financial statements (including balance sheet and income statement). Audited Financial Statements shall be submitted to the Community Relations Liaison by October 1 of each year.

### **Internal Controls**

In order to protect the organizations, its members, and its financial well-being, standard internal controls should be in place. The following is a summary of basic internal controls necessary to prevent the loss of funds through carelessness, mistakes, or misappropriation.

### **Controls over Bank Accounts**

- Organizations should establish a checking account at a bank or credit union. Accounts should be established with at least three individuals on the signature card. Checks should require the signature and authorization of two club officers. Original signatures, not stamped signatures, should be affixed to each check or approval form for payment;

- A member of the Finance committee, or other designated board member, should review and sign off on monthly reconciliations;
- Bank statements should be reconciled within 30 days of the date of the statement to ensure that possible inaccurate transactions are identified and communicated to the financial institution for correction.

### **Controls over Cash and Receipts**

- If possible, all cash collections received by the organization for fees, dues, fundraising, etc. should be deposited upon receipt. Deposits should be made daily if the total receipts on hand exceed \$250. If daily receipts are less than \$250 and a daily deposit cannot be made, then deposits should be made within one week even if the receipts for all days combined are less than \$250. All money should be deposited prior to holidays and weekends;
- Deposits should be supported by some type of record documenting the source and amount of funds (tabulation of monies collected form; cash receipt form, ticket sales record, etc.). Documentation should be readily available for audit/review purposes;
- Checks should be endorsed immediately;
- Do not secure deposits in the same location as other financial records;
- Cash should be adequately safeguarded at all times. For example, do not keep cash in an unlocked drawer;
- Do not use un-deposited cash for the purpose of making payments.

### **Controls over Disbursements**

- At least 21 days prior to beginning a fundraising campaign, the campus sponsor must complete an activity request online at [Itidschools.org/communityrelations](http://Itidschools.org/communityrelations). This provides the campus with knowledge of the activities on the campus and helps to avoid the duplication of similar fundraising campaigns during the same period. See the fundraising section in this handbook, and please do not begin your campaign until you have received official permission from [byersg@Itidschools.org](mailto:byersg@Itidschools.org);
- Checks should not be generated without proper documentation (i.e., invoice, original receipts, etc.). Supporting documentation should also include the approval signature of the President or Vice-President, in the absence of the President;
- Checks should require the original signature of two officers;
- Blank checks should not be issued. Officers should not sign incomplete checks;
- Original receipts should be requested by a person making a purchase and submitted by that person to the Treasurer when a reimbursement is being requested.

### **Budgetary & Oversight Controls**

- Members should establish and approve a budget no later than the beginning of the school year. Actual receipts and disbursements should periodically be compared to the budget;
- At each meeting, the Treasurer should provide a written financial report which should include the bank account balance and the receipt & disbursement activity since the last meeting. The financial report should also include a comparison of budgeted versus actual receipts and expenditures;
- At the completion of fundraisers, a financial recap should be prepared to determine the profitability of the fundraiser;

- At the end of the fiscal year, a review (audit) of the organization's financial records should be conducted. The review (audit) committee should make a report to the general membership upon completion of the review. A copy of the signature page detailing the results of the review shall be forwarded to the Community Relations Liaison. For additional information, refer to the section titled Audit (Review) Committee and Appendix A.

## **Cash Receipt Procedures**

Bank deposits should be prepared as follows to ensure the integrity of financial reporting:

- Separate all currency and coins by denomination and carefully count and record it in the appropriate section of the bank deposit form. Endorse all checks immediately;
- A calculator tape may be run for any checks included in the deposit rather than indicating the checks individually on the deposit slip form. A copy of the tape should be retained with your copy of the deposit records;
- Total the deposit slip;
- Tally the pre-numbered cash receipts and make certain that this total matches the deposit total;
- Attach the cash receipt verification with a copy of the deposit slip and file in date order;
- For large deposits, have another individual independently count the currency only (not the coins or checks) and verify that the currency has been correctly recorded on the deposit slip;
- Both individuals should initial next to the currency amount on the deposit slip;
- Seal the deposit in a deposit bag in the presence of the second individual. This is called dual control and places the organization in a better position to challenge any claim that the bank may make that the currency received was incorrect.

## **Petty Cash**

Petty cash for general purchases is not recommended. Organizations should maintain a small petty cash account at the time of an active fundraiser for the purpose of providing change to customers during fundraising activities. Petty cash should be returned to the bank at the end of the fundraising activity. Strict controls should be maintained by keeping petty cash in a locked box accessible by only the treasurer and one other officer. Control of the petty cash account by a district employee is prohibited.

## **Bank Reconciliation**

Upon receipt of the monthly bank statement, the balance indicated on the statement should be reconciled to the bank account balance in the general ledger as of the last day of the month. The reconciliation should be completed within 30 days of the date of the bank statement.

### **Items needed for reconciliation:**

- Bank reconciliation form;
- Prior month's bank reconciliation;
- Bank statement;
- Check Register and/or Cash Disbursements Journal;
- Cash Receipts Journal;
- General Ledger.

### **How to complete the bank side of the reconciliation form**

1. Indicate the ending balance per the bank statement.
2. Check off outstanding checks from prior month's bank reconciliation using the bank statement.
3. Determine the outstanding checks by comparing the Check Register to the bank statement, including any remaining checks from the previous month.
4. Determine the deposits in transit by comparing the Cash Receipts Journal to the bank statement.
5. Identify any items that need to be corrected by the bank, such as check printing, returned check charges and encoding errors.
6. Total all items and enter the amount on the Adjusted Bank Balance line.

### **How to complete the General Ledger side of the reconciliation form**

1. Indicate cash account ending balance from the general ledger.
2. Compare the bank statement to the Check Register and list any cleared checks that were not posted.
3. Indicate any outstanding returned checks.
4. Indicate the interest earned per the bank statement. This amount should be immediately posted.
5. Identify any items that need to be corrected on the General Ledger (such as encoding errors) under Other Adjustments.
6. Total all items and enter the amount on the Adjusted Cash Balance line.

Compare the adjusted bank balance to the adjusted cash balance to make sure that these are in agreement. If they are not, the reconciliation is NOT complete. Examine the prior month's reconciliation to ascertain that all items have been posted and/or corrected.

A computerized reconciliation program may be used in conjunction with the organization's financial package. In addition to the reconciliation, the cancelled checks or imaged copies of checks should be reviewed to ensure that the payee is consistent with that identified in the check register and endorsements on the check are reasonable.

### **Disbursement of Funds**

At the outset of the school year, a budget of anticipated expenditures should be developed. Prior to a disbursement, the request to expend funds should be compared with the budgeted expenditures. Disbursements outside the scope of the budget or line items that exceed the approved budget should require a vote by the general membership. The purchase of alcoholic beverages is not a permitted use of organization funds.

Organizations must coordinate fundraising with both the principal/administrator, Directors of Athletics/Fine Arts and the Community Relations Liaison prior to conducting the fundraising activity. See Fundraising Section.

Other events, such as banquets, are to be coordinated with and approved by the principal/administrator, Directors of Athletics/Fine Arts and the Community Relations Liaison prior to the event.

University Interscholastic League (UIL) rules limit the ability of students to accept gifts. Awards that students may receive are specifically outlined in Subchapter O, Section 480(a) (2) of the UIL Constitution and Contest Rules. Although all types of student activities are not regulated by UIL, for student consistency and fairness, UIL guidelines



must be followed by all booster organizations. No gifts or purchases that individually benefit students shall be made outside of UIL guidelines.

To ensure compliance with UIL guidelines that govern athletic activities, all related disbursements through the athletic booster club shall require the approval of both the sponsor (coach) and the Director of Athletics/Fine Arts. Organizations should be aware of the possible financial hardship that the costs may have on certain families of participating students when establishing fees and setting fundraisers. Reasonable efforts should be made to ensure that all individuals are able to participate in activities without a financial hardship.

Organizations may not contribute funds to the school district in an effort to increase the personnel allocations and/or stipends of a particular program or campus without the express written approval of the Deputy Superintendent/General Counsel.

A disbursement voucher should be completed for all expenditures regardless of the amount. The appropriate supporting documentation (invoices, receipts) should then be attached to the disbursement form and filed in check number order. At no time should a check be issued without the appropriate supporting documentation.

The organization should establish a time-frame in which volunteers may be reimbursed for purchases made by the volunteer. For example, a volunteer should submit a completed reimbursement request form no later than 30 calendar days after the purchase, and no later than the last day of the organization's fiscal year.

### **1099 Requirements**

Internal Revenue Service guidelines require that all payments for services of \$600 or more made to an individual or unincorporated vendor by an organization be reported on a Form 1099 on an annual basis. The organization should secure an IRS form W-9 from the provider at the time of service to ensure that the organization has an accurate record of the taxpayer identification number. The organization should then issue a Form 1099 to all qualifying vendors performed in the preceding calendar year by January 31st. If payment is made to an individual, the following guidelines can be used as a guide to determine if an individual should be considered an employee or contract labor:

#### ***Risk of profit or loss***

Independent contractors realize a profit or sustain a loss based on their success in performing the work or service.

#### ***Continuing relationship***

The relationship between an independent contractor and employer ends when the job is done.

#### ***Compliance with instructions***

Independent contractors cannot be told when, where, or how to do the job.

#### ***Training***

Independent contractors do not go through any type of instructional training period with a more experienced employee to learn how to do the job. Independent contractors specialize in the field in which they have been employed and do not require training.

### ***Personal Service required***

The right of an independent contractor to substitute another's services without the employer's knowledge shows that one particular individual's personal services are not being required by the employer.

### ***Integration into the business***

The success or continuation of the business is not dependent on the independent contractor's performance of the service.

### ***Control over the hiring, supervising, and paying of assistants***

Independent contractors maintain control of their assistants. The employer contacts the independent contractor if there is a problem, and the employer pays the independent contractor for the work done. The independent contractor then pays the assistants directly.

### ***Set hours of work***

An independent contractor sets working hours.

### ***A full-time work requirement***

An independent contractor has the availability to work for more than one client.

### ***Working for more than one firm***

An independent contractor has an established business in which they work for more than one firm.

### ***Worker's availability to the general public***

An independent contractor makes services available to the public on a regular and consistent basis.

### ***Working on the employer's premises***

An independent contractor works off-premises unless the nature of the service to be performed requires attendance at the employer's work site.

### ***Required work order or sequence***

An independent contractor does not need to be told in what order or how to do a job as he/she is considered an expert in the field.

### ***Required reports***

An independent contractor is not required to submit oral or written reports.

### ***Payment by the hour, week, or month***

An independent contractor is paid in a lump sum fee basis when the job is done. An invoice must be generated to substantiate the payment.

### ***Payment of business or travel expense***

An independent contractor is responsible for his/her own business or travel expense. If paid by an employer, the employer must include the expense amount in the independent contractor's 1099 (unless you can verify a plan that is accountable).

### ***Furnishing of tools and materials***

An independent contractor has the necessary tools and materials to do the job.

### ***Investment in facilities***

If the independent contractor maintains an office on the employer's premises, he/she must pay a rent or lease payment for the office space as well as the overhead.

### ***Employer's discharge rights***

An independent contractor cannot be terminated as long as he/she is fulfilling the contract.

### ***Worker's termination rights***

An independent contractor may be held financially responsible for any loss the employer may suffer due to an incomplete, inaccurate or unsatisfactorily completed contract.

The Internal Revenue Service website may be accessed for appropriate 1099 reporting requirements and forms.

On occasion, the parent organization may hold an event that results in additional custodial time for either preparation and/or clean-up. In these situations, the parent organization shall submit a facility use application and be invoiced by the Community Relations Liaison. All organizations shall submit this application for any event occurring on school premises outside of the regular school day. The additional amount to be paid to the custodian, in this instance, will then be added onto the custodians next paycheck. This transaction will be coordinated between the District and parent organization through the Community Relations Liaison. The District will not process payments to Non-District employees.

## **FUNDRAISING**

Each District-affiliated school-support or parent organization shall submit the documentation and information that is required to be submitted to the District by Board Policy GE (Local).

### **Types of Fundraisers / Activities Requiring Approval**

Per LTISD School Board Policy GE and FJ (Local), there are 4 types of activities which require prior approval from the Office of Community Relations:

#### **Major Fundraisers**

A "major fundraiser" is any fundraising event or activity that occurs within a defined time period and involves students, staff, parents or volunteers selling, soliciting, promoting, or contributing to benefit the campus or school district.

#### **Passive Fundraisers**

A "passive fundraiser" is an event that occurs without solicitation, where the customer seeks the transaction himself. The following are examples of passive fundraisers:

- Sales from student stores or concessions at scheduled events
- Box top collections
- Ongoing spirit wear sales
- Ongoing retail programs (Randall's, Target, Chick-Fil-A, Amazon Smiles, etc.)

Group Conducting Event	Major Fundraisers	Passive Fundraisers	Monetary Philanthropic Drive	Non-monetary Donation Drive
Parent Booster / PTO / PTA	3	Unlimited	0	0

### Other Activities

Certain campus activities do not require approval by the Community Relations Liaison. Ticket sales for other activity types, which are not considered to be fundraisers, include, but are not limited to:

- Talent shows
- Spring shows
- School dances
- School plays

### Allowed Number of Fundraisers

Each parent booster organization may conduct a maximum of **3 major fundraisers** between June 1 and May 31 of each year. However, in limited, extenuating circumstances, the Community Relations Liaison or the Director of Athletics/Fine Arts may permit an organization to conduct more than three major fundraising activities between June 1 and May 31 of each year. There is no limit on the number of **passive** fundraising activities. In addition, boosters may offer support to their student groups if the students choose to host a **philanthropic drive** or **donation drive**.

### Approval Process for Fundraisers

**PTO organizations** shall obtain prior approval for each fundraising activity. The organization must submit the request form **online** at least three weeks prior to the first day of the fundraising activity. Please do not start your activity until you have received an email confirmation from the LTISD Community Relations Liaison. Visit [ltidschools.org/communityrelations](http://ltidschools.org/communityrelations) for the most up-to-date request form.

### Extracurricular Booster organizations

The head coach or campus sponsor shall obtain prior approval for each fundraising activity. The head coach or campus sponsor must submit the request form **online** at least three weeks prior to the first day of the fundraising activity. Please do not start your activity until you have received an email confirmation from the LTISD Community Liaison.

In order to obtain the best pricing available, organizations are encouraged to obtain three written quotes prior to making large purchases related to fundraising activities. For substantial purchases, obtaining formalized bids is strongly recommended.

### Approval by Campus Principal

Once the online request has been submitted, the principal will individually review all fundraising activities requested from that campus, and will coordinate his/her recommended changes, if any, with the organizations or sponsors. The principal:

- Will not approve any fundraising requests that exceed three major fundraisers in the year for a specific parent group.
- Will review the content and approve only fundraisers that are financially sound and are determined to be an efficient means to meet the established purpose.

## **Approval by Athletics/Fine Arts and the Community Relations Liaison**

The Community Relations Liaison will review organization fundraising requests in combination with requests from all other requests to determine:

- Compliance with District policy and regulations.
- Whether any fundraisers are in conflict with other fundraisers, and if so, to work with the groups to reschedule fundraisers in an effort to minimize the impact on students, staff, parents, and/or community.

## **Faculty Sponsor Responsibilities for Organization Fundraising Activities**

The campus sponsor of any organization that is fundraising will be responsible for the coordination of the activity between students, principal and booster parents. If the fundraiser includes the sale of prepared foods, the sponsor must work with his/her booster parents to determine whether or not a permit will be required from Travis County, the City of Lakeway, or the City of Bee Cave.

## **Individual Accounts**

Organizations should not credit “individual” student accounts based on the student or parent’s participation in fundraising events. The credit should not be based on a proportionate share of the amount that is “earned” by the student or parent during the fundraiser.

The above practice may jeopardize an organization’s tax-exempt status under the Internal Revenue Code and/or may create taxable income to the individual that raised the money. A tax-exempt organization is established to benefit a group as a whole instead of benefiting individual members of a group. Organizations should not maintain individual accounts that are earmarked for a particular individual, and organizations should seek professional tax advice regarding questions about such practices.

## **Fundraising Participation and Quotas**

Organizations should not require a member to participate in fundraising activities. Coupled with this, members should not be required to sell or raise a certain amount. As indicated above, both of these practices may jeopardize an organization’s tax-exempt status with the IRS. However, organizations may develop specific criteria that must be met in order for a benefit to be given to a member, such as attendance.

## **Raffles**

Organizations are permitted to hold raffles within the following guidelines. See the link to the Texas Attorney General’s website in the Reference section of this handbook for additional requirements.

- The organization must have been in existence during the three preceding years and is exempt from federal income tax under 501(c) (3) of the Internal Revenue Code;
- Each ticket must indicate the name and address of the organization, name of an officer, price of the ticket and a description of each prize valued at \$10 or more. No prize may be valued in excess of \$50,000;
- Each organization may hold no more than two raffles per year and only one at a time; Tickets may not be advertised through paid advertising;
- A raffle prize may not be cash or a negotiable instrument such as a check, money order, or certificate of deposit. However, savings bonds, prepaid, or “stored-value” credit cards are acceptable as they are not considered negotiable instruments;
- The organization must have the prizes in its possession before beginning the raffle or post a bond for the full value with the county clerk;

- No one may be compensated directly or indirectly for organizing or conducting a raffle or for selling raffle tickets;
- Only members of the organization may sell the tickets (students may not sell raffle tickets);
- The winner must pay income tax on any prize. If the value exceeds \$600, the organization must provide an IRS form 1099 to the recipient;
- Phone solicitation may not be used to promote the event.

## **Bingo**

An organization should consider all applicable regulations for bingo. Detailed rules may be obtained from the Texas Lottery Commission by requesting a copy of the Bingo Enabling Act, the Charitable Bingo Administrative Rules and Bingo Operations Manual by calling 1-800-BINGO77. Additional information is available on the Texas Lottery website, [txlottery.org/export/sites/bingo/indexhtml](http://txlottery.org/export/sites/bingo/indexhtml).

## **Sales Tax**

Organizations that have applied for exemption from the Comptroller's Office should be exempt from sales tax when making purchases. However, when making sales, sales tax must generally be collected. For purposes of sales tax, a calendar year is considered the reporting year (January 1 – December 31).

## **Taxable Status of Purchases**

An organization should 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 groups and booster clubs must apply for their own exemption.

Items which become the personal property of the student (cheerleader uniforms, 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 athletic teams, bands, etc. on authorized school trips are exempt from sales tax if the organization contracts for the meals. The organization must pay for the meals with an organization check and provide an exemption certificate.

Individual members of the athletic team, band, etc., may not claim exemption from the sales tax on the meals they purchase while on a school authorized trip.

## **Collection and Remittance of Sales Taxes**

The organization should 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 and the tax rate were 8.25%, the school would collect \$2.17 ( $\$2.00 \times 1.0825$ ) 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 tax, the school would retain \$1.85 and remit \$0.15 for sales tax. If this method is used, divide the total sales by 1.0825 (assuming a tax rate of 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; and
- Food and drinks sold at school functions.

Therefore, unless it is a tax-free 24-hour sale, state and local sales taxes should be imposed and collected on all sales for:

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

### **Tax-Free 24-Hour Sales Day**

Parent organization groups that are a 501(c) (3) organization under the Internal Revenue Code and have received tax-exempt status with the State Comptroller's Office are allowed to have two, one-day tax-free sales each calendar year. During these tax-free sales, the school may sell any taxable item tax-free. The exemption does not apply to items sold for more than \$5,000, unless the item is manufactured by the organization, or the item is donated to the school and is not sold to the donor.

One-day means 24 consecutive hours. Generally, title passes to the purchaser when the item is given to the purchaser. In the case of pre-ordered and pre-paid sales, title can transfer as soon as the seller (parent organization) receives the order. Therefore, the date the items are delivered by the vendor to the seller is designated as the one day for the purposes of the tax-free sales. However, persons buying from surplus stock on subsequent dates after the tax-free day will owe sales tax on the items.

### **Agent or Sales Representative**

When a parent organization raises funds by acting as a sales representative or agent for a for-profit retailer, the retailer is the seller and the sale will not qualify as one of the school's tax-free sales days. The parent organization is acting as an agent when the for-profit company coordinates the fundraising, including setting the price for items sold and providing their materials (i.e., brochures and order forms), and the parent organization merely receives a commission for the items sold. When the school is acting as the selling agent for the for-profit company, the for-profit company is required to collect and remit the sales tax on the taxable items sold. The for-profit company is free to set the selling price of the item at an amount of its choosing, and sales tax is due on the sales price.

When the school receives a commission from a vendor, the tax-free day sale provisions do not apply because the sale is the vendor's sale, not the school's sale. The vendor is the retailer and the vendor is not eligible for a tax free

sale. In this instance, the school does not report the sale and the vendor should report the sale and remit tax to the Comptroller's Office.

Sales tax should be filed in accordance with the Comptroller's guidelines. Further information can be found on the Comptroller's website included in the References section of this handbook.

## **Donations**

In accordance with Board Policy DBD (Local), school district staff "shall not accept or solicit any gift, favor, service, or other benefit that could reasonably be construed to influence the employee's discharge of assigned duties and responsibilities." Students engaged in UIL activities shall not accept gifts except as provided by UIL Constitution and Contest Rules.

In accordance with Board Policy CDC (Local), donations to the District shall become the sole property of the District. Donations should be earmarked for a specific purpose as indicated by the donating organization. A **donation application is mandatory** if the donation is adding a permanent or temporary structure to district property and/or is valued at \$1,000 or more. Visit the Fundraising tab at [litisdschools.org/communityrelations](https://litisdschools.org/communityrelations) for more information.

### **Guidelines regarding donations are as follows:**

- To be acceptable, a donation must have a purpose consistent with District goals, plans, and objectives as determined by the Superintendent and/or Board. A donation shall not be accepted if it:
  - » Creates a program or condition that the Superintendent and/or Board believe to be inconsistent with District policies, philosophy, or current or future plans or purposes.
  - » Creates costs to the District that are determined by the Superintendent and/or Board to be unreasonable or unsupportable.
  - » Creates a restriction on any other school or District program that the Superintendent and/or Board deem inconsistent with District policies, philosophy, or current or future plans or purposes.
  - » Creates a conflict with public law.
  
- Donors must seek prior approval of their proposed donation through the approval process described in board policy:
  - » Per school board policy, a donation application is mandatory if the donation is adding a permanent or temporary structure to district property and/or is valued at \$1,000 or more. All other donations may be approved by the principal and/or District designee.
  - » Any donation that is given to a school or program of the District shall become the property of the District unless prior to the District's acceptance of the donation, the donor and the District agree to a separate ownership designation. All donations described in this policy shall be consistent with District goals, policies, and plans.
  - » Any donation given without a specific use or designation may be allocated for use by any school or program at the discretion of the Superintendent and/or designee.
  - » Any donation equal to or greater than \$1,000 in value, and/or any donation or combination of donations serving a common or like purpose that have an individual or collective value of \$1,000 or more must have approval (see procedure directly below).



## **Donations of \$1,000 or more**

- Must have approval through the following procedure:
  - » Completion of the District application for donation shall be submitted to the Superintendent or designee and shall include:
    - Name, address, phone number, and name of the person authorized by the donor (if other than the donor) to act on behalf of the donor. Signature of donor on the application for donation. [See CDC (EXHIBIT)]
    - Description of the donor's purpose for the donation.
    - Amount of value of the donation.
    - Life of donation.
    - Provisions or restrictions of donation (if any).
    - Terms and conditions for return of donation to donor if donation provides for any time or use limitations.
    - Itemization of matching or additional funds or other costs that may be incurred by the District, both during and subsequent to the donation period, as a result of accepting the donation.
    - To be deductible as a charitable contribution, a payment to charity must be a gift. A gift to charity is a payment of money or transfer of property without receipt of adequate consideration and with donative intent. Generally Accepted Accounting Principles require that the asset be recorded at its fair market value at the time of the donation. The District will make no determination of value for IRS purposes.

## **Title IX**

Title IX is a federal law enacted in 1972 which protects individuals in education programs or activities from discrimination based on sex. It states that "No person in the United States shall on the basis of sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any educational program or activity receiving federal financial assistance."

Title IX applies to all aspects of education and related programs, not just athletics. It requires that equal opportunities be provided for members of both sexes. It does not require that each team receive exactly the same services and supplies, but rather the male and female programs, collectively, receive comparable levels of service, facilities, supplies, etc. The U.S. Department of Education oversees school districts' compliance with Title IX.

Since PTA/PTO and booster club funding and activities are included in the analysis of the District's compliance with Title IX, support organizations should have an awareness of the law and the District's requirement for compliance.

## **Charter Buses**

The District will provide yellow school buses for school sponsored activities. Booster organizations have the option of upgrading this to a commercial bus service (charter buses) for extra-curricular activities. Reserving charter buses is oftentimes a challenge if reservations are not made far enough in advance. It is recommended that charter buses be reserved as soon as possible.

The cost to the booster organization for the charter buses will be the cost of the charter buses less the cost of the school buses. The mileage and driver rate for school buses will be available from the campus administrator in the

spring of each year for the upcoming school year. This provides timely information to help parent organizations budget transportation costs for the following school year.

All extra-curricular charter bus reservations and billings will be the responsibility of the Directors of Athletics/Fine Arts. The campus administration office will continue to make reservations and billings for all instructional field trips. All organizations shall have deposited money with the school district to cover the incremental charter bus costs prior to the trip (preferably 2 weeks in advance).

### **Charter Bus Procedures**

The sponsor is to confirm with the Booster President that the Booster organization is committed to financially supporting the incremental cost of the charter bus. Once the bus is ordered, the booster organization will be responsible for any advance deposit required by the charter company. Based on the quoted cost for the charter bus, the estimated miles and hours for the trip, an estimate of the incremental cost to the booster organization can be calculated. Any questions can be resolved with the Principal or Directors of Athletics/Fine Arts.

The sponsor is to confirm with the principal/administrator that the booster organization has money set aside as a line item in its budget to pay for the incremental cost of the charter bus.

The sponsor is to notify the Directors of Athletics/Fine Arts (extra-curricular activities) or the Principal (all other activities) of the number of buses being requested, dates, and times and provide other necessary information to allow the school to make a reservation. Reservations will be made out of the appropriate school office by District staff. Any buses reserved by parent or parent organizations will be the sole financial responsibility of the parent or parent organization.

The school staff will confirm bus reservations with the bus company approximately 1 month in advance, again 1 week in advance, and again 1 day in advance of the scheduled trip. Should any issues arise; the sponsor will be notified immediately, so other alternatives can be pursued.

The District is prohibited under the State Constitution to either lend money or its credit for the benefit of others. As such, the District is not in a position to make payments on behalf of a booster organization. Thus, it is important that the District receive a timely payment from the booster organization prior to the scheduled trip. This will ensure that bus services will not be interrupted.

## **MISCELLANEOUS**

The following guidelines apply to all parent/booster organizations. If a question should arise which cannot be resolved at the campus level, the appropriate Assistant Superintendent should be contacted for clarification.

- Failure to follow required policies and procedures of the District may result in refusal by the campus principal, Directors of Athletics/Fine Arts or the Community Relations Liaison to allow related activities;
- All general meetings shall be public and posted in advance to both the organization and campus websites;
- The sponsor shall notify the campus administrator of all meetings and the sponsor, or sponsor's designee, must attend all booster club general membership and board (executive) committee meetings;
- The campus administrator or designee must be present at all organization general or board (executive) committee meetings;

- Any action taken at the meeting will be subject to review and revocation by the sponsor or administrator;
- The regular school program and extra and co-curricular activities of the school and programs sanctioned by TEA, UIL and district affiliated organizations will take precedence over organization activities;
- Parents and organization members are expected to follow the same standards of conduct as district employees when chaperoning, sponsoring or attending student activities, including rules in the campus handbook;
- Each individual student's or group of students' participation will be determined by the sponsor and the principal/administrator and not by the organization or any member(s). Participation is considered to be a privilege and not a right, and will be based on a proven record of good conduct and dependability. Lack of such demonstrated behavior by each person will be grounds for disapproval for participation and travel;
- There will be no student activities, parties, meetings, travel or other gathering in the name of the organization unless prior permission has been received from the sponsor and the principal/administrator or the sponsor is present. All activities will be under the auspices of the school and the District;
- School employee and student planning and preparation for activities supported by the organization will occur outside the school day or as approved by the principal;
- Participation in any activity or travel associated with organization activities or field trips is a privilege and not a right for all involved. All student and employee travel will be under the auspices of the school and all participants will be approved by the sponsor and principal;
- No cash will be given to any school employee to use at his or her discretion;
- Employees of the District shall not serve in a financial capacity of an organization. Financial capacity includes holding positions of president, treasurer, fundraising chairperson, or serving as a check signer. In addition, employees of a campus may not serve on the executive board of an organization that supports the campus/students of the same campus;
- The purchase or consumption of alcoholic beverages while on school property or in the presence of students while attending or participating a school related function is specifically prohibited;
- Organizations shall not directly support political activities by providing campaign donations or placing advertisements in support of a particular candidate as doing so could jeopardize the tax - exempt status of the organization. If a candidate running for office is invited to join a meeting, all candidates running for the office must be extended an invitation to the event;
- Articles of formation and bylaws should be posted to the organization's website;
- Organizations may not contribute funds in an effort to increase the personnel allocations and/or stipends of a particular program or campus without the express written approval of the Deputy Superintendent;
- Upon dissolution of an organization, a private termination letter ruling should be requested from the Internal Revenue Service.

### **15-Passenger Vans**

Federal law prohibits dealers from selling or leasing 15-passenger vans for use in transporting students for school related activities. Because of the risks associated with 15-passenger vans, organizations may not purchase, lease, or otherwise utilize 15-passenger vans to transport District employees, students, or equipment.

## References – Contact Information

<b>Lake Travis ISD</b>	512-533-6000	ltidschools.org
<b>Internal Revenue Service</b>	800-829-1040	irs.gov
<i>Tax Exempt Organizations</i>	877-829-5500	irs.gov/charities-non-profits/charitable-organizations
<i>Tax Forms &amp; Publications</i>	800-829-3676	irs.gov/charities-non-profits/publications-for-exempt-organizations
<b>State Comptroller</b>	888-334-4112	comptroller.texas.gov
<i>Sales Tax</i>	800-252-5555	comptroller.texas.gov/taxes/sales/
<i>Franchise Tax</i>	800-252-1381	comptroller.texas.gov/taxes/franchise/
<i>Tax Exemptions for Organizations</i>		comptroller.texas.gov/taxes/exempt/
<b>Secretary of State</b>		sos.state.tx.us
<i>Nonprofit organizations</i>		sos.state.tx.us/corp/nonprofit_org.shtml
<b>Texas Attorney General</b>	512-463-2100	texasattorneygeneral.gov/
<i>Raffles</i>		texasattorneygeneral.gov/divisions/financial-litigation/charitable-trusts/charitable-raffles-and-casinopoker-nights
<b>University Interscholastic League</b>	512-471-5883	uilitexas.org/
<i>Guidelines for Booster Clubs</i>		uilitexas.org/policy/guidelines-for-booster-clubs
<i>Guidelines for Booster Clubs - PDF</i>		uilitexas.org/files/policy/booster_club_guidelines.pdf
<b>LTISD Contacts</b>		
<b>GW Byers</b> <i>Community Relations Liaison</i>	512-533-6099	byersg@ltidschools.org
<b>Hank Carter</b> <i>Director of Athletics</i>	512-533-6478	carterh@ltidschools.org
<b>Michael Drinkwater</b> <i>Assistant Director of Athletics</i>	512-533-6059	drinkwaterm@ltidschools.org
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## **SCHOOL BOARD POLICIES**

Gifts and Solicitations	CDC
Distribution of Non-school Literature	GKDA
Advertising and Fundraising	GKB
Visitors to the Schools	GKC
Relations with Parent Organizations	GE
Student Fundraising	FJ
Fundraiser Profit/Loss Statement	FJ Exhibit

# **APPENDIX**

## **Parent Organization Sample Financial Review Guidelines**

### **Review Procedures**

Have the Treasurer prepare the written report of revenues and expenditures for your organization. The report should include information for the twelve months after the ending date of the previous year's financial report.

The audit should take place without the presence of any board member associated with the upkeep of the records. It should be done in an independent environment so as to eliminate the possibility of bias. If at all possible, it is encouraged to hire a professional auditor to complete the process.

All documents should be surrendered to the auditor(s) for review. Any questions from the auditor or audit committee should be formally requested in written form from the Treasurer and President.

The committee's review should cover the period beginning with the reconciled cash balance from the previous written financial and ending with the reconciled cash balance from the last day of the time period reported by the organization. If the organization is using an accrual basis financial report, then the beginning retained earnings should equal the prior year's ending retained earnings balance plus (minus) net income (loss) for the current year.

Manually foot all columns of the financial report for accuracy. Verify the sum of the transactions reflect the corresponding balances on the financial report.

### **Bank Reconciliations**

1. Trace ending balances on the reconciliations to bank statements, outstanding check lists, and other reconciling items.
2. Verify that bank reconciliations were completed within 30 days of bank statement ending date.
3. Ensure that any outstanding or reconciling items on the reconciliations were cleared the following month.
4. Verify that the balance in the bank account (at beginning of school year), plus total deposits per check register, minus total disbursements per check register, balances to ending bank account balance (at end of school year).

### **Bank Statements**

1. Determine whether a procedure is in place for a club member, other than those that have check signing ability, to receive bank statements by mail and review for reasonableness.
2. Determine whether any cash corrections were identified on bank statements. Ensure that reasonable explanations are available.
3. Compare the number of cleared checks included in the bank statement with the number that is noted on the bank statement to ensure agreement.
4. Ensure that cleared checks contain signatures of individuals authorized to sign checks.
5. Bank accounts should be established to require two signatures.

## **Receipts**

1. From the check register or other accounting records, schedule each deposit (use of spreadsheets is helpful). If volume is significant, consider selecting only a representative sample.
2. Trace deposits to collection documentation and prepared cash receipts for agreement.
3. Trace deposits to bank statements to ensure agreement.
4. Ensure that receipts are presented for deposit in a timely manner by reviewing the dates of prepared cash receipts with the date of deposit on the bank statement.

## **Disbursements**

1. From the check register or other accounting records, schedule each check, withdrawal, or other debit (use of spreadsheets is helpful). If volume is significant, consider selecting only a representative sample.
2. Trace checks to supporting documentation such as invoices, receipts, approved expenses related to fundraisers, or other reasonable explanations.
3. Review the canceled check to ensure agreement of payee name, endorsement, and check amount.
4. Trace disbursements to budget approved by the membership or meeting minutes.
5. For bank withdrawals for the purpose of establishing a change fund for an event, confirm that the change fund was later re-deposited.

## **Budget**

1. Ascertain the original adopted budget from the minutes.
2. Review budget amendments and cross-reference to approval from the membership
3. Verify that expenditures did not exceed the budget in each category.
4. Verify that the ending budget is the original budget plus/minus membership approved amendments.

## **Fundraisers**

1. Evaluate each fundraiser individually by calculating the value of items available for sale or number of tickets sold, and comparing to deposits and remaining inventory, if any, to ensure agreement.
2. Determine whether fundraiser applications were prepared and submitted to the campus principal for each fundraiser.

## **Miscellaneous**

1. Inventory remaining check stock to confirm that all checks are present and sequential.
2. Ensure that the check number for the last check issued and first check available in check stock are sequential.
3. Confirm that check stock is retained in a secure place when not in use.
4. Determine whether any checks were voided during the course of the year. Ensure that any voided checks are retained in the records, but have been sufficiently modified to eliminate the possibility of clearing the bank (i.e., signature portion has been cut out of the check and VOID has been written across the check).
5. Determine that individuals were not credited proportionately for funds raised by those students or parents.
6. Verify that Form 1099s were issued, if applicable, for each individual or unincorporated company that was paid more than \$600 for services during the previous calendar year.

7. Ensure that sales tax reports were prepared and filed timely.
8. Verify that no more than two tax-free sale days were used in both the previous and current calendar years.
9. If IRS 990 form was filed, review for reasonableness.

### **Review Committee Findings**

1. If recommendations were made by the previous audit committee, verify that those recommendations were implemented.
2. Review Committee is to prepare a report of findings. Any discrepancies should be reviewed with the President. Discrepancies are to be resolved prior to submission of report to the membership.
3. All committee members are to sign off on report, indicating a clean report or indicating any discrepancies.