

GUIDELINES FOR OPERATION OF A BOOSTER ORGANIZATION

ARTICLES OF INCORPORATION

A non-profit organization is created by filing articles of incorporation with the State of Michigan. A non-profit corporation is characterized by the fact that none of the income of the organization is distributable to members, directors, or officers.

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

STATE AND FEDERAL REPORTING

APPLICATION FOR FEDERAL TAX EXEMPT STATUS

Formation of a non-profit corporation does not necessarily entitle the organization to exemption from federal taxes. In order to be exempt from federal taxes, the booster club must apply for this status on Form 1023 – Application for Recognition of Exemption Under Section 501(c)3. General instructions on the rules and procedures can be found in IRS Publication 557 – How to Apply for Recognition of Exemption for an Organization. These documents are available on the Internal Revenue Service website (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. Depending on the anticipated annual gross receipts, the fee is either \$150 or \$500.

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 should be shared with the school district.

Each organization must also file for an employer identification number on Form SS-4, Application for Employer Identification Number. The employer identification number will be issued immediately by the Internal Revenue Service during the call process. However, the organization is still required to file a form SS-4 with the IRS.

APPLICATION FOR STATE TAX EXEMPT STATUS

The organization must apply for an exemption from sales tax from the State. This is done by written request, which includes a description of activities, copies of articles and bylaws, and a copy of the IRS letter granting tax exemption.

ANNUAL FILING REQUIREMENTS

Every booster 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. If the organization does not have gross receipts during a year totaling more than \$25,000, the organization is not required to file a report, unless it received a letter from the IRS requesting submission. If required for either reason, Form 990, Form 990-EZ, or Form 990-PF must be filed by the 15th day of the 5th month after the end of your organization's accounting period.

Even though booster 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. This form is filed in addition to Form 990 or 990-EZ and is required regardless of the level of the income received.

ORGANIZATION

Each booster organization must develop and maintain bylaws that are reviewed annually by the booster club officers. Copies of the organization's bylaws should be submitted to the District's Administration office.

The bylaws should contain the detail 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 shall be permitted to hold office or vote upon any matter of business of the organization.

At a minimum, the booster organization shall elect the following officers on an annual basis.

PRESIDENT

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

- Preside at all meetings of the organization;
- Regularly meet with the designated school district representatives regarding booster activities;
- Resolve problems in the membership;
- Regularly meet with the treasurer of the organization to review the organization's financial position;
- This individual shall not be a signer on the account. Upon receipt, the designee should review the activity on the bank statement and canceled checks for reasonableness. This provides an independent review by an individual not associated with disbursement activity.
- Schedule annual 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.

VICE-PRESIDENT

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

- Preside at meetings in the absence or inability of the president to serve;
- Perform administrative functions delegated by the president;
- Perform other specific duties as outlined in the bylaws of the organization.

SECRETARY

The secretary is responsible for keeping accurate records of the proceedings of the association and reporting to the membership. The secretary must 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 booster organization if such a governing board is defined by 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.

TREASURER

The treasurer is the authorized custodian of the funds of the association. The treasurer receives and disburses all monies indicated in the budget and prescribed in the local bylaws or as authorized by action of the association. All persons authorized to handle funds of the association 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 \$ 250.00);
- 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 if requested.
- Maintain an accurate and detailed account of all monies received and disbursed;
- Reconcile all bank statements as received and resolve any discrepancies with the bank immediately;
- File sales tax reports as required (monthly, quarterly, or annually);
- File annual IRS form 990 in a timely manner;
- Submit records to audit committee appointed by the organization upon request or at the end of the year;
- Other specific duties as outlined in the bylaws of the organization.

Note: Due to the increasing requirements placed on charitable organizations by the Internal Revenue Service, it is strongly recommended that the Treasurer have an accounting background.

PARLIAMENTARY PROCEDURES

The organization should abide by the rules of parliamentary procedures at all official meetings of the organization. The president or presiding officer of the organization alone has the power to make decisions or rule on a point of order. A copy of Roberts Rules of Order Newly Revised should be maintained by the organization and referenced as needed.

SPECIAL COMMITTEES

Special committees are created for a specific purpose and may be voted upon by the membership. 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. Copies of all committee reports and functions shall be transferred to the committee chair as designated for the following year prior to the end of the school year of the committee.

Individuals who have a conflict of interest shall 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.

Each committee shall maintain records of the committee's activities and shall report upon request to the executive board of the organization. A copy of all committee information shall be in the possession of the committee chair and a duplicate copy shall be maintained by the organization as a part of its official records.

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.

AUDIT COMMITTEE

At the end of the fiscal year, 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 booster 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.

The audit committee shall make a report to the general membership upon completion of the audit. Any discrepancies noted shall be brought to the attention of the president of the organization and a resolution reached prior to presentation. All officers of the organization shall make records available as requested by the committee. Suggested audit procedures are included in Appendix A of this document.

ELECTION OF OFFICERS

The election of officers of the organization will occur annually within the timelines and manner prescribed by the booster organization bylaws. Typically the election of officers should occur by May 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 complete no later than July 1st of each year.

Officers may be elected in a variety of methods (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. At no time should officers be appointed without the input and approval of the membership.

STANDARDS FOR MEETING

Notice of all meetings of the booster organization should be published at least 1 week prior to the meeting date. The notice should clearly indicate the date and time of the meeting and the items to be discussed.

RULES FOR DISSOLUTION

To dissolve a booster organization, a resolution shall be adopted by the booster 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 shall 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 booster organization must 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 shall turn records over to the incoming officers within 30 days of election. Records should be kept for a period of 10 years for audit purposes.

FINANCIAL INFORMATION

GENERAL

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

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, and required training.

At a minimum, the organization's membership should be provided with a financial statement and bank reconciliation at each meeting. The financial statement should provide a comparison of

budgeted versus actual expenditures and receipts. Cash receipts and disbursement reports should be available for review when needed or at the annual audit.

FINANCIAL REPORTING TO 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. To this end, booster clubs are required to submit to the District mid-year and end-of-year financial statements (including balance sheet and income statement). Financial Statements should be submitted by January 31 and July 31 each year. Included in Exhibit B is additional information related to requested financials.

CASH RECEIPT PROCEDURES

All cash collections received by the booster organizations for fees, dues, fund raising, etc. must be deposited upon receipt. All funds must 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.). Such documentation shall be readily available for audit purposes.

Deposits shall be made daily if the total receipts on hand exceed \$250. If daily receipts are less than \$250, deposits shall be made within one week even if the receipts for all days combined are less than \$250. All money must be deposited prior to holidays and weekends.

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

1. Separate all currency and coins by denomination and carefully count and record it in the appropriate section of the bank deposit form.
2. A tape may be run of 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.
3. Total the deposit slip.
4. Tally the pre-numbered cash receipts and make certain that this total matches the deposit total.
5. Attach the cash receipt verification with a copy of the deposit slip and file in date order.
6. 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.
7. Both individuals should initial the deposit slip next to the currency amount on the deposit slip.
8. 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 not correct.

PETTY CASH

Each booster organization may maintain a small petty cash account. Strict controls must be maintained by keeping petty cash in a locked box accessible by only the treasurer and one other officer. The petty cash funds should be used for emergency purchases only. All other purchases should be made with a booster club check.

Upon disbursement through the petty cash account, a receipt for the purchase should be retained. At any given time, the amount of petty cash remaining and the aggregate total of receipts on hand should equal the amount of the established petty cash account.

BANK RECONCILIATION

Upon receipt of the monthly bank statement, the balance indicated on the statement shall 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

To complete the bank side of the reconciliation form, perform the following steps:

- Indicate the ending balance per the bank statement.
- Check off outstanding checks from prior month's bank reconciliation using the bank statement.
- Determine the outstanding checks by comparing the Check Register to the bank statement, including any remaining checks from the previous month.
- Determine the deposits in transit by comparing the Cash Receipts Journal to the bank statement.
- Identify any items that need to be corrected by the bank, such as check printing, returned check charges and material encoding errors. These items should be grouped together under Other Adjustments.
- Total all items and enter the amount on the Adjusted Bank Balance line.

To complete the General Ledger side of the reconciliation form, perform the following:

- Indicate cash account ending balance from the general ledger.
- Compare the bank statement to the Check Register and list any cleared checks that were not posted.
- Indicate any outstanding returned checks.
- Indicate the interest earned per the bank statement. This amount should be immediately posted.
- Identify any items that need to be corrected on the General Ledger (such as immaterial encoding errors) under Other Adjustments.
- 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 they 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.

If at all possible, a computerized reconciliation program should 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.

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.

To ensure compliance with MHSAA guidelines governing athletic activities, all disbursements relating to athletic booster club activity shall require the approval of the district athletic director.

1099 REQUIREMENTS

Internal Revenue Service guidelines require that all payments for services in excess of \$600.00 made to an individual by a booster organization be reported on a form 1099 on an annual basis. The booster 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 tax payer identification number. The organization must then issue a form 1099 to all qualifying vendors performed in the calendar year by January 31st. The following guidelines can be used to determine if reporting is required:

- 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 an accountable plan).
- 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 should be accessed for appropriate 1099 reporting requirements and forms.

FUNDRAISING

Prior to the start of the school year, all booster organizations shall notify the District of its intended fund raising activities that are planned, scheduled or anticipated and that may require approval of the district or the building administrators. Door-to-door solicitation is discouraged.

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

INDIVIDUAL ACCOUNTS

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

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

RAFFLES

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

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

SOLICITATION PERMITS

The State of Michigan requires a solicitation permit, which is renewable on an annual basis.

SALES TAX

Booster organizations are exempt from sales tax when making purchases. However, when making sales, sales tax must be collected. For purposes of sales tax, a calendar year is considered the reporting year (January 1 – December 31).

TAXABLE STATUS OF PURCHASES

- A booster organization must provide the vendor with a valid signed exemption certificate when claiming state sales tax exempt status. Exemption certificates do not require tax identification numbers to be valid nor is the vendor required by law to honor the exemption.
- The District's exemption status may not be utilized by parent, booster, patron, or alumni organizations to secure exemption from sales and excise taxes. Parent/teacher organizations and booster clubs must apply for their own exemption.
- Items which become the personal property of the student (cheerleader uniforms, 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 booster organization must pay for the meals with a booster club 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 booster organization shall collect sales tax on all taxable sales.

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

- Adding the tax to the item's selling price - thus, if the selling price of an item were \$20.00 and the tax rate were 6.00%, the school would collect \$21.20 ($\20.00×1.06) 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 \$1.88 and remit \$0.12 for sales tax. If this method is used, divide the total sales by 1.06 (assuming a tax rate of 6.00%) 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, state and local sales taxes shall be imposed and collected on all sales for:

- Items sold by the school store (i.e. pencils, erasers, paper, etc.);
- Any type of booster club materials;
- 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 a school associated organization during a fundraising drive;
- All other personal property except for those items specifically excluded above.

Sales tax should be filed in accordance with the State's guideline.

DONATIONS

In accordance with District Policy 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 are also discouraged from accepting gifts of value.

Donations to the District shall become the sole property of the District and not of the accepting organization. Donations should be earmarked for a specific purpose as indicated by the donating organization.

Gifts to the District must meet the following criteria:

- Shall not place restrictions on the school program;
- Shall not require the exclusive endorsement of a particular business product;
- Shall not conflict with policies or actions of the Board or public law;
- Shall not require extensive unforecasted District resources or maintenance;

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, which is promulgated by the U.S. Department of Education, 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 that the male and female programs, collectively, receive comparable levels of service, facilities, supplies, etc.

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

MISCELLANEOUS

The following guidelines apply to all parent/booster organizations:

- Failure to follow policies and procedures of the District may result in refusal by the district to allow related activities on district property.
- All meetings shall be public and announced in advance in accordance with the bylaws;
- Parents and booster club members are expected to follow the same standards of conduct as district employees when chaperoning, sponsoring or attending student activities, including rules in the student handbook;
- There will be no student activities, parties, meetings, travel, or other gathering in the name of the school organization or booster organization unless prior permission has been received from the sponsor and the principal 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 booster organization will occur outside the school day or as approved by the principal.
- Participation in any activity or travel associated with booster activities is privilege and not a right for all involved. All student and employee travel will be under the auspices of the school.
- No cash will be given to any school employee to use at his or her discretion;
- The purchase or consumption of alcoholic beverages while on school property or in the presence of students, 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.
- Booster 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 Assistant Superintendent or other designated District official;

- Upon dissolution of a booster organization, a private termination letter ruling should be requested from the Internal Revenue Service.

BULK MAIL

To be eligible for the minimum rate per piece, the booster organization should apply to the post office for a nonprofit permit by providing the postmaster with the following:

- A copy of the Internal Revenue Service exemption ruling;
- Completed application to mail at Special Bulk Third Class Rates for nonprofit organization;
- Copy of the booster organization's bylaws.

When mailing by bulk third class, there must be no less than 200 pieces, which must be identical in size, weight, number of enclosures, and content. The pieces must be presorted by zip code and bundled with an identifying label on each bundle. In order to ensure compliance with bulk mail regulations, it is recommended that you have the local post office review all the pieces prior to printing to make sure that the organization meets all the requirements for bulk mailing.

APPENDIX A

Booster Club

Suggested Audit Program

Audit Procedures:

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. Ideally, 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.

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. Ensure that the check number for the last check issued and first check available in check stock are sequential.
2. Confirm that check stock is retained in a secure place when not in use.
3. 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).
4. Ensure that sales tax reports were prepared and filed timely.
5. If IRS 990 form was filed, review for reasonableness.