



North East Independent School District

Booster Club / Parent Organization Guidelines

March 2013

FOREWORD

This manual is designed to assist Booster Club/Parent Organization (including PTA/PTSA) officers and members by providing organizational and financial guidance. Only approved organizations, operating under these booster club/parent organization guidelines and North East Independent School District policies and procedures, shall be allowed to use the school name and/or facilities in support of its programs. Specific questions regarding booster/parent activity should be addressed to the campus principal.

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FORMATION OF A BOOSTER/PARENT ORGANIZATION

ARTICLES OF INCORPORATION

A non-profit organization is created by filing articles of incorporation with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. A non-profit corporation is characterized by the fact that none of the income of the organization is distributable to members, directors, or officers. By becoming incorporated the organization will become formalized by adopting Articles of Incorporation and Bylaws which provide standard operating procedures. Additionally, incorporation helps shield the individuals governing and operating the nonprofit organization from liabilities incurred by the organization, unless the individuals are negligent in their duties.

The completion of Form 202 – *Certificate of Formation – Nonprofit Corporation* 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 the required filing fee. A District employee cannot be listed as the Registered Agent.

On filing the document, the secretary of state will return the appropriate evidence of filing to the submitter together with a file-stamped copy of the document, if a duplicate copy was provided as instructed.

FEDERAL AND STATE REPORTING

GENERAL FEDERAL REGULATORY INFORMATION

Booster club/parent organization officers are solely responsible for ensuring that their organization is in compliance with all federal regulations. Therefore, the District, including a District employee, is not responsible for a booster club/parent organization not being in good standing with all federal agencies. However, the District has provided the following information that includes the steps that booster clubs/parent organizations should take to comply with federal tax regulations.

OBTAINING AN EMPLOYER IDENTIFICATION NUMBER (EIN)

Every organization must have an EIN, even if it will not have employees. The EIN is a unique number that identifies the organization to the Internal Revenue Service (IRS). Since booster clubs/parent organizations are separate entities from the District, booster clubs/parent organizations cannot use the District's EIN. An organization is not automatically considered tax-exempt by acquiring an EIN. All organizations must first apply for an EIN to be recognized as a unique entity and then apply for tax-exempt status. Likewise, the mere fact that an entity is organized as a non-profit organization does not indicate that it is exempt from federal tax. Booster clubs/parent organizations may obtain an EIN by following instructions for Form SS-4 - *Application for Employer Identification Number* found on the IRS website. No fee is required for obtaining an EIN. After receiving an EIN, the organization may use it to open a bank account and obtain a State Sales Tax Permit. Booster clubs/parent organizations should not use an individual's social security number to conduct the business of the organization. Copies of the completed SS-4 form and the IRS response documenting the assigned EIN number should be kept in the organization's permanent records from year to year. The booster club may also want to have the Secretary keep a backup copy of these documents on a CD.

APPLICATION FOR FEDERAL TAX EXEMPT STATUS

Formation of a non-profit corporation does not necessarily entitle the organization to exemption from federal taxes. Organizations must apply for tax-exempt status. In order to be exempt from federal taxes, the booster club/parent organization 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 - *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). *Note: When completing the IRS Package 1023, booster clubs will establish their fiscal year-end. Once this date is established, the IRS does not easily allow an organization to change it. The date established will determine when the booster club/parent organization has to file their informational return (Form 990) to the IRS. Package 1023 is not required of an organization if gross receipts normally do not exceed \$5,000 per year however it is still recommended to do so in order to receive a determination letter that recognizes their 501(c)(3) status and specifies whether contributions to them are tax deductible.*

The completed IRS Package 1023 (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 fee will vary depending 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 must be provided to the school's bookkeeper or the principal's receptionist. The IRS approval process for tax-exempt status can take several months.

ANNUAL FEDERAL FILING REQUIREMENTS

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

For the fiscal year ending in 2011 and later:

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

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

Booster Clubs/Parent Organizations must use Form 990-EZ if:

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

Booster Clubs/Parent Organizations must use Form 990 if:

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

These provisions may change so consult with a tax professional or the IRS for additional assistance.

Even though booster club/parent 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.

If the booster club's/parent organization's address has changed, a notification must be sent to the IRS to ensure that any IRS refund or correspondence is received. To change an address with the IRS, complete Form 8822, Address Change Request, and send it to the address shown on the form.

GENERAL STATE REGULATORY INFORMATION

Booster club/parent organization officers are solely responsible for ensuring that their booster club/parent organization is in compliance with all state regulations. Therefore, the District, including any District employee, is not responsible for a booster club/parent organization not being in good standing with all state agencies. However, the District has provided the following information that includes steps booster clubs/parent organizations should take to comply with state tax regulations.

OBTAINING A TEXAS SALES TAX PERMIT

Some items to be sold are non-taxable, however, exempt organizations must get a Sales Tax Permit and collect and remit sales tax for all taxable items it sells. Please refer to the Texas Comptroller's website for a list of taxable and non-taxable items. Booster clubs/Parent organizations may obtain a Texas Sales Tax Permit by submitting the completed applications to the Texas Comptroller's Office. Booster clubs/Parent organizations must apply on-line for the Texas Sales Tax Permit. A Texas Sales Tax Permit will be issued to the booster club/parent organization along with a Sales Tax Permit Number. The Texas Sales Tax Permit Number has 11 digits and begins with a 1, 2, or 3. The permit numbers beginning with a "1" are based on an entity's EIN. Those permit numbers beginning with a "2" are based on a person's social security number. The permit numbers beginning with a "3" are assigned by the Comptroller's Office. **Booster clubs/Parent organizations cannot use the District's Sales Tax Permit Number.** The searchable Taxpayer Information Database located at the Texas Comptroller's website can be used to determine if a booster club/parent organization has a Sales Tax Permit.

APPLICATION FOR STATE TAX EXEMPT STATUS

The organization must apply for an exemption from sales and franchise tax from the Texas State Comptroller's office. To apply for exemption based on the federal exempt status, complete application AP-204 which can be found on the Texas Comptroller's website. Also included on this webpage is an Exempt Organization Search feature that can be used to verify if a booster club/parent organization is already exempt. Organizations that have received a letter of sales tax exemption from the Texas comptroller do not have to pay sales and use tax on taxable items they buy, lease or rent if the items are necessary to the organization's exempt function.

Exempt organizations should claim an exemption at the time of purchase by providing a properly completed exemption certificate in lieu of paying tax to the retailer. This exemption process is separate and in addition to applying for federal tax-exemption from the IRS. Further information may be obtained on the Comptroller's website (refer to the References section for the website address).

FRANCHISE TAX

Every profit and nonprofit corporation in Texas must file all franchise tax reports and public information reports with appropriate payment until the Comptroller's office has granted tax exemption. Failure to do so will cause the loss of corporate privileges as well as the forfeiture of charter by the Texas Secretary of State. Booster clubs/Parent organizations that have received their Determination Letter from the IRS granting 501(c)(3) tax exemption may also request exemption from the Texas franchise tax through the Texas Comptroller's Office. Although a nonprofit corporation that is exempt from federal income tax under Internal Revenue Code 501(c)(3) is exempt from franchise tax, the exemption is not automatically granted. Booster clubs/Parent organizations must apply for exemption with the Texas Comptroller's Office based on the federal exempt status.

If the mailing address for the booster club/parent organization changes, immediately notify the Texas Comptroller's Office. Failure to do so may result in important correspondence being lost. To avoid frequent mailing address changes, the Texas Comptroller's Office recommends that each booster club/parent organization obtain its own post office box (PO Box) or private mailing box (PMB) to be used for official booster club/parent organization mail. In addition, the post office box address and keys can be given easily to the new officers at the beginning of each year.

ORGANIZATION

Each booster club/parent organization must develop and maintain bylaws that are jointly reviewed on an annual basis by the campus principal and the booster club/parent organization officers. Copies of the organization's bylaws must be submitted to the campus principal.

The bylaws must 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 with children currently in the program will be permitted to hold office or vote upon any matter of business of the organization. "Members" should be defined in the Booster Club's/Parent Organization's bylaws.

The bylaws should specify that there is a two one-year consecutive term maximum that members may serve in roles as the President or Treasurer however exceptions may be made by the campus principal in extreme cases. In addition, the bylaws must have 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. No officer shall be permitted to hold more than one office position at the same time. Booster club/Parent organizations that have incorporated should also include document retention, conflict of interest, and whistle blower policies in their bylaws.

Employees of the District cannot serve in a financial capacity of a booster club or parent organization. Financial capacity includes holding positions of president, treasurer, fund-raising chairperson, or serving as a check signer. Additionally, a District employee should not be a member of the audit committee.

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

PRESIDENT

Typically, the president of a booster club/parent 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 club/organization activities;
- Resolve problems in the membership;
- Regularly meet with the treasurer of the club/organization to review the club's/organization's financial position;
- Select an officer as the designee to receive bank statements through the mail at their home address. 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 an 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 club/organization.

VICE-PRESIDENT

The vice-president acts as the president's representative in his/her absence. They must remain familiar with the club/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 club/organization.

Note: Larger booster clubs/parent organizations may find it necessary to elect several vice presidents with responsibility over differing areas. Such positions shall be clearly defined in the bylaws of the organization.

SECRETARY

The secretary is responsible for keeping accurate records of the proceedings of the club/organization 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 club's/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 club/parent 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 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 club/organization;
- Other specific duties as outlined in the bylaws of the club/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 club/organization;
- Issue a receipt for all monies received and deposit said amounts on a weekly basis;
- 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;
- File current financial reports at the end of each school year with the campus principal or his delegate. ;
- 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 Texas comptroller's office (monthly, quarterly, or annually);
- Sales tax reports must be filed even if no sales tax was collected for the period reported. If not, a non-filing fee will be assessed by the Texas Comptroller's Office.
- File annual IRS form 990, 990-T, 990-N or 990-EZ in a timely manner; Submit records to an audit committee appointed by the club/organization upon request or at the end of the year;
- Other specific duties as outlined in the bylaws of the club/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.

PARLIAMENTARIAN (OPTIONAL)

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 must make the ruling to the organization – he 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 serves. A copy of *Roberts Rules of Order Newly Revised* should be maintained by the organization and referenced as needed.

SPECIAL / AD HOC COMMITTEES (OPTIONAL)

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. 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. 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.

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 club's/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 funds have been followed;
- Ensure that expenditures occurred in a manner consistent with the organization's bylaws; and
- Ensure that all revenues have been appropriately received and recorded.
- All members of the audit committee shall sign a statement indicating their agreement with the findings detailed in the report.

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. Sample audit procedures are included in Appendix A of this document however the format of the final report will be determined by the audit committee. Copies of final audit report must be submitted to the campus principal and Director of Internal Audit by July 31 of each year in conjunction with the financial information requirements for GASB 39.

ELECTION OF OFFICERS

The election of officers of the organization will occur annually within the timelines and manner prescribed by the booster club/parent 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. Refer to the beginning of the Organization section for specifics on maximum terms and limited family members in officer roles.

STANDARDS FOR MEETING

Notice of all general meetings of the booster club/parent organization should be published at the campus seventy-two hours prior to the meeting date. The notice should clearly indicate the date and time of the meeting and the items to be discussed. All general meetings should take place on school premises. In order to provide an optimum level of communication and teamwork, meetings should preferably be held in the presence of the campus principal or his/her designated school sponsor. Business determined at meetings without adequate campus representation shall be considered null and void.

RULES FOR DISSOLUTION

To dissolve a booster club/parent organization, a resolution shall be adopted by the booster club/parent 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 club/organization. The booster club/parent 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 club's/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 club's/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 7 years for audit purposes. The club/organization records cannot be stored on District property without a properly completed *Parent Organization Storage Agreement* (Appendix B) on file with the campus.

FINANCIAL INFORMATION

GENERAL

Booster club/Parent 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.* Employees of the District cannot serve in a financial capacity of a booster or parent organization. Financial capacity includes holding positions of president, treasurer, fund-raising chairperson, or serving as a check signer. 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, required training, and transferability to forthcoming treasury officers.

At a minimum, the organization's membership must 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 must be available for review when needed or during the annual audit.

LIABILITY INSURANCE

Booster clubs/Parent organizations should seriously consider the purchase of liability insurance to protect the organization and its members. Coverage to be considered should include general liability, officer's liability, business personal property (if the organization owns property), 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 booster clubs/parent organizations, in most cases, require an annual audit/review to be performed by the organization and must have a procedure in place to have bank statements and reconciliations reviewed monthly by a member without check signature authority.

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/parent organizations are required to submit to the Director of Internal Audit end-of-year financial statements (These documents are due by July 31 each year.)

INTERNAL CONTROLS

In order to protect the organization, its members, and its financial well-being, standard internal controls must 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

Booster club/Parent organizations are required to establish a checking account with the organization's EIN number at a bank or credit union. A person's social security number or the District's EIN number cannot be used to set up a bank account. Accounts should be established with at least three individuals on the signature card. Checks and EFT's must require the signature or authorization of two club officers or designated representative. Each check must be supported by all supporting receipts and or documentation which will be part of the monthly reconciliation and annual review of financial records.

A designated booster club/parent organization member without signature authority should review the bank statement and its contents for reasonableness and compliance with Treasurer reports, the budget, and the ongoing business of the organization. Special attention should be made to outstanding or reconciling items. This member should sign off on the completed bank reconciliation and be appointed by the booster club/parent organization president.

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. The financial institution is not liable for errors not reported within a specified number of days identified in your banking agreement

CONTROLS OVER CASH AND RECEIPTS

All cash collections received by the booster club/parent organization for program costs, dues, fundraising, etc. must be deposited upon receipt. 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. The use of night deposit boxes is highly recommended.

Deposits 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.). Documentation shall be readily available for audit purposes.

Cash must be adequately safeguarded at all times. Cash transfers should be handled the same as a check or EFT with authorization of two club officers or designated representative required.

Every effort must be made to balance funds collected the day of the event, prepare appropriate deposit documentation and submit to a bank night drop for deposit and safekeeping. Money from concession sales should be handled in the same manner.

CONTROLS OVER DISBURSEMENTS

Prior to beginning a fundraising campaign, the booster club/parent organization must complete a fundraiser application and submit it to the club sponsor for review by the campus principal. 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.

Checks and EFT's should not be generated without proper documentation (i.e. invoice, original receipts, etc.). Documentation should also include the signature of the President, Vice President or a designated representative.

Checks must require the signature of a second officer or designated representative.

Blank checks should not be issued. Actual receipts should be required and a reimbursement be processed.

BUDGETARY & OVERSIGHT CONTROLS

Members should establish and approve a budget at the beginning of the school year. Actual receipts and disbursements should periodically be compared to the budget.

The Treasurer must provide a monthly written financial report to the Board and/or general membership in agreement with the bylaws 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, an audit of the booster club's/parent organization's financial records should be conducted. The audit committee shall make a report to the general membership upon completion of the audit. A copy of the signature page detailing the results of the audit must be forwarded to the Director of Internal Audit. For additional information, refer to section titled Audit Committee previously in this document.

CASH RECEIPT PROCEDURES

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 club/parent 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. Control of the petty cash account by a district employee is not allowed. The petty cash funds

should be used for emergency purchases only. All other purchases should be made with a booster club/parent organization 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.

Booster club/Parent organizations may also establish a change fund to support fund raising events. Funds should be signed out from the Treasurer to the member in charge of the event. The change fund should be noted in the final tabulation of monies collected for the event.

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 must require a vote by the general membership. Direct payments to District employees with booster club/parent organization funds are not permitted. Booster club/Parent organization funds must not be used to purchase alcoholic beverages

Booster club/Parent 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 NEISD Chief Financial Officer.

A disbursement voucher must be completed for all expenditures regardless of the amount. The appropriate supporting documentation (invoices, receipts) must 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.

All disbursements relating to booster club/parent organization activity must be in compliance with UIL guidelines. The Director/Principal of the campus or the Executive Director/Director of the Program can be contacted for guidance.

IRS FORM 1099 REQUIREMENTS

Internal Revenue Service guidelines require that all payments for services in excess of \$600.00 made to an individual by a booster club/parent organization be reported on a form 1099 on an annual basis. The booster club/parent organization must 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 however an annual review of current IRS regulations is highly recommended:

- **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.

Access the Internal Revenue Service website for 1099 reporting requirements and forms.

FUNDRAISING

All booster club/parent organizations shall obtain the approval of the campus principal for all fundraising events prior to the start of the event.

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

INDIVIDUAL ACCOUNTS

Funds raised by parents through booster club/parent organization activities must be used to benefit the organization as a whole. Funds raised by the students and earmarked for individual student accounts are not affected.

RAFFLES

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

- The booster club/parent organization must have been a 501c3 organization for at least three years.
- **Students and staff shall not sell tickets at school, away from school on non-school property, or during school sponsored activities (such as an athletic event).**
- **No tickets are to be sold on school property by anyone, including employees, parents, booster club/parent organization members, or other adults. The sale of raffle tickets will be conducted off of school property and away from the school activities, only.**
- 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 club/parent 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 club/parent organization 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 club/parent organization may sell the tickets;
- The winner must pay income tax on any prize. If the value exceeds \$600, the booster club/parent organization must provide an IRS form 1099 to the recipient;
- Phone solicitation may not be used to promote the event.

Booster clubs/Parent organizations will be required to sign a statement indicating that the club/organization has discussed all of the rules and possible penalties regarding raffles and that the group is responsible for ensuring compliance with all rules and regulations, including State law.

BINGO

District booster clubs/parent organizations must not conduct bingo fundraising activities.

SALES TAX

Booster club/Parent organizations, who have applied for exemption, are exempt from sales tax when making purchases. However, when making sales, sales tax must be collected. Booster clubs/parent organizations may hold two “one-day, tax-free” sales or auctions per calendar year once it has obtained a sales tax exemption status from the Texas Comptroller’s Office on its purchases. For the purpose of this exemption, one day is counted as 24 consecutive hours and a calendar year is the 12-month period from January through December. A fund-raiser qualifies for the “one-day, tax-free” sale/auction if all items are to be delivered on one day, however pre-orders may be accepted in advance of the delivery date without collecting tax. Each “one-day” sale/auction may not exceed 24 consecutive hours. Sales of items such as T-shirts, candles, cups, etc. are subject to sales tax when sold on days other than the two “one-day, tax-free” sale/auction days. All catalog fund-raisers are considered taxable, and cannot be considered as one of your two “one-day, tax-free” sales per calendar year. Your booster club/parent organization is considered an agent of the vendor and, therefore, must collect sales tax for items sold that are taxable. If you plan to hold a catalog fund-raiser, tax must be collected for those items in the fund-raiser that are taxable. For instance, gift wrap is taxable, but cookie dough is exempt from sales tax by law. The vendor should remit the applicable sales tax to the Texas Comptroller’s Office. A late fee will be imposed by the Texas Comptroller’s Office to any entity failing to submit a sales tax report even if sales tax was not collected during the period.

TAXABLE STATUS OF PURCHASES

- Please refer to the Texas Comptroller’s Office website for updates to taxable status of purchases.
- A booster club/parent 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 can not be utilized by parent, booster, patron, or alumni organizations to secure exemption from sales and excise taxes. Booster clubs/parent organizations 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/parent organization must pay for the meals with a booster club/parent 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 booster club/parent organization shall collect sales tax on all taxable sales. The Texas Comptroller’s Office requires that booster clubs/parent organization file at least one sales tax report per calendar year. The frequency of filing the sales tax report is determined by the Texas Comptroller’s Office. The amount of anticipated sales tax payments affects the frequency of reporting. The sales tax reports may be due monthly, quarterly, or annually. Since sales tax payments may vary from year to year, the frequency of reporting can also change. The Texas Comptroller’s Office will generally communicate changes in filing requirements to the booster club/parent organization in writing. In addition, the Texas Comptroller’s Office will generally mail the required reporting form and information to organizations that have obtained a Sales Tax Permit.

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 7.25%, the school would collect \$2.15 ($\2.00×1.0725) 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 \$1.86 and remit \$0.14 for sales tax. If this method is used, divide the total sales by 1.0725 (assuming a tax rate of 7.25%) 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.

Conversely, 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/parent organization 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 must be filed in accordance with the Comptroller's guideline. Further information can be found on the Comptroller's website included in the References section of this document.

DONATIONS

In accordance with District 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 are also discouraged from accepting gifts of value. Students engaged in UIL activities shall not accept gifts except as provided by *UIL Constitution and Contest Rules*.

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.

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/parent organization funding and activities are included in the analysis of the District’s compliance with Title IX, booster clubs/parent organizations should have an awareness of the law and the District’s requirement for compliance.

SCHOLARSHIP PROGRAMS

The following suggestions are provided for those booster clubs/parent organizations wanting to implement a scholarship program. The group should design their own scholarship procedures which may or may not include the following criteria.

Since the purpose of the booster club/parent organization is to operate in support of their selected program, scholarships not relating to program activities should be limited in accordance with IRS guidelines. All continuing education scholarships should only represent 10% - 15% of the booster/parent organizations operating budget. The main principle of funding by an IRS 501(c)(3) nonprofit organization is that the booster club/parent organization may not discriminate in making grants to youth or college students on the basis of their family's membership in, or funding to, the booster club/parent organization, or the family's fund-raising or time put into booster club/parent organization activities.

Requirements for scholarships could include the following:

- All qualifying individuals must have the opportunity to apply for the scholarship(s).
- UIL Guidelines should be reviewed for compliance when establishing and administering a scholarship program.
- The application process must be clearly communicated, and the application forms must be readily available to all potential applicants and their parent and/or guardian before the end of the first grading period of the academic year.
- The Scholarship Review Committee must consider all qualifying applicants.
- The Scholarship Review Committee should be made up of an odd number (5-7) of members (parents from the club/organization who do not have children eligible for consideration for the scholarship). The sponsor can be an ex-officio member of the Scholarship Review Committee and not an actual voting member so that the sponsor is a source for additional information/input to the Scholarship Review Committee and a final review resource for the Scholarship Review Committee decisions.
- Scholarship applicants shall be full-time NEISD students for a minimum of one full semester prior to the application deadline.
- All scholarship applications which do not have the required information will be considered incomplete and returned to the applicant.
- Scholarship awards may not be "need" based, but applicants who have received full scholarships from other sources may not be eligible for local scholarships.
- The applicant's intended major may or may not be a factor in scholarship consideration.
- The applicant's enrollment in an accredited institution (college, university, trade school, military academy, etc.) is a requirement for receiving scholarship funds. Disbursement checks including scholarship funds shall be made payable to the college/university in the student's name.

The scholarship committee may require an essay for judging purposes. Essay topics may be selected each year and given to all applicants, or the Scholarship Review Committee may allow each applicant to select their own topic upon the sponsor's approval.

If desired, essays must be original works of the applicant and be a minimum of 250 words and a maximum of 500 words. The applicant must be willing to relinquish all rights to his/her work. If an applicant is applying for multiple scholarships, the applicant must write multiple essays – the same essay cannot be used. Essays must be submitted with the application in order for the applicant to be considered for a scholarship. The essay should account for no less than 10% and no more than 20% of the total points or weighting for the decision process.

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

The Booster Club/Parent Organization may or may not require interviews of applicants in the decision process.

DISTRICT SERVICES

PRINTING SERVICES

Print Services operates as a full-line print shop by printing directories, anthologies, certificates, booklets, business cards, note pads, carbonless forms, programs, newsletters, etc. Additional services include spiral and tape binding and printing with colored inks.

The District allows booster club/parent organizations to utilize the services provided by the Print Services Department, provided that payment is received timely. Current pricing schedules may be obtained by contacting the Print Services Department at 210-407-0618.

MAIL

Booster clubs/Parent organizations may utilize the District mail system for first class mail only by contacting Printing and Mailing Services at 210-407-0618.

ARMORED CAR SERVICE

Armored car service is not available to booster clubs/parent organizations.

EMPLOYER IDENTIFICATION NUMBER

The NEISD Employer Identification Number is not available to parent groups.

CATERING

The food service department provides catering for meetings within the District. Charges for the catering will be billed by the 15th of the following month at the campus. A sample menu can be obtained at the front office of each campus.

SAFEKEEPING

Booster clubs/Parent organizations may not store money on campus.

The club/organization records, supplies, equipment and/or inventory cannot be stored on District property without a properly completed *Parent Organization Storage Agreement* (Appendix B) on file with the campus.

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 Associate Superintendent should be contacted for clarification.

- Failure to follow policies and procedures of the District may result in refusal by the campus principal to allow related activities on the campus. Parent/booster organizations are subject to audit by the NEISD Internal Audit department.
- All meetings shall be public and announced in advance in accordance with the bylaws;
- The campus administrator or designee must be present at all club/organization meetings;
- Any action taken at the meeting will be subject to review and revocation by the sponsor or principal;
- The regular school program and co-curricular activities of the school and programs sanctioned by TEA, UIL and district affiliated organizations will take precedence over club/organization activities;
- Booster club/parent 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 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 on the part of anyone 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 school organization or booster club/parent 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 club/parent organization will occur outside the school day or as approved by the principal.
- Participation in any activity or travel associated with club/organization activities 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. Donations to a school or program must be made with a check made payable to the school;
- The purchase or consumption of alcoholic beverages while on school property or in the presence of students, is specifically prohibited;
- Clubs/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.

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

BULK MAIL

To be eligible for the minimum rate per piece, the booster club/parent organization must 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 club/parent 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.

PASSENGER VANS

North East ISD adheres to the TEA Interpretation provided in the TEA School Transportation Information Update that does not allow the rental of vans to transport students to student activities if the van has a rated capacity of 10 or more passengers. The capacity is determined by the rated capacity of the vehicle, not the actual number of students to be transported. Vans may not be rented to transport students if the rated capacity is 10 or more. This means the full size vans (12 and 15 passenger) may not be rented to transport students or employees to student activities. Vehicles rated less than 10 (suburbans, mini-vans) may be used as long as each student has a seat belt.

Vans with a capacity of 12 or 15 passengers may be chartered to transport students only if they are chartered from a motor bus company. The charter bus company must provide the driver, fuel and insurance. The van must meet motor bus standards and include the insurance as required by the Texas Railroad Commission.

REFERENCES

Web Sites

NEISD Web Site
Internal Revenue Service
UIL
State Comptroller
Secretary of State

www.neisd.net
www.irs.gov
www.uil.utexas.edu
www.window.state.tx.us
www.sos.state.tx.us

Phone Numbers

State Comptroller
Secretary of State
Application for Employer Identification Number, Form SS-4
University Interscholastic League
NEISD Chief Financial Officer
Director of Internal Audit
Print Services

210-646-0399
512-463-5600
800-829-4933
512-471-5883
210-407-0494
210-407-0568
210-407-0618

Policy

Grants from Private Sources
Activity Funds Management
Conflict of Interest
Student Activities
Contests and Competition
Gifts and Solicitations
Relations with Parent Organizations
Advertising and Fund Raising in the Schools

CDC
CFD
DBD
FM
FMF
FJ
GE
GKB

Current policies and regulations may be found at www.neisd.net

APPENDIX A

Booster Club/Parent Organization Sample 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

5. 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.
6. Determine whether any cash corrections were identified on bank statements. Ensure that reasonable explanations are available.
7. Compare the number of cleared checks included in the bank statement with the number that is noted on the bank statement to ensure agreement.
8. Ensure that cleared checks contain signatures of individuals authorized to sign checks. Ideally, bank accounts should be established to require two signatures.

Receipts

9. 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.
10. Trace deposits to collection documentation and prepared cash receipts for agreement.
11. Trace deposits to bank statements to ensure agreement.
12. 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

13. 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.
14. Trace checks to supporting documentation such as invoices, receipts, approved expenses related to fundraisers, or other reasonable explanations.
15. Review the canceled check to ensure agreement of payee name, endorsement, and check amount.
16. Trace disbursements to budget approved by the membership or meeting minutes.
17. For bank withdrawals for the purpose of establishing a change fund for an event, confirm that the change fund was later re-deposited.

Fundraisers

18. 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.
19. Determine whether fundraiser applications were prepared and submitted to the campus principal for each fundraiser.

Miscellaneous

20. 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.
21. Confirm that check stock is retained in a secure place when not in use.
22. 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).
23. Ensure that sales tax reports were prepared and filed timely.
24. Ensure that an IRS Form 990 was filed and review for reasonableness.

**APPENDIX B
PARENT ORGANIZATION STORAGE AGREEMENT**

Date: _____, 20____.

(1) _____¹(the "Organization"), by and through _____,² its _____,³ having been authorized by the Organization to enter into this storage agreement at a meeting held on _____, 20____, hereby enters into an agreement with the North East Independent School District (the "District") for the storage of personal property at _____.⁴

(2) This agreement takes effect immediately, and runs until terminated by either party.

(3) During the term of the agreement the Organization may store items of personal property or equipment in _____⁵ (the "storage area").

(4) The personal property stored in the storage area must be either owned by the Organization, or lent to the Organization for use by the Organization in carrying out the Organization's purpose.

(5) The Organization may not store in the storage area any material that violates any law, or District policy, or campus or facility policy, or that is toxic, caustic, highly inflammable, or dangerous to students, employees, or District property.

(6) The Organization will keep the storage area clean and tidy.

(7) District personnel may inspect the storage area at any time, for any reason, or no reason at all. The Organization has no right to privacy in anything in the storage area.

¹ Insert name of PTA, PTO or booster organization.

² Insert name of officer signing agreement.

³ Insert title of officer signing agreement.

⁴ Insert name of campus or athletic facility.

⁵ Insert description of storage area, "storage closet at rear of cafeteria."

(8) The principal, or director of athletics, may terminate the Parent Organization Storage Agreement at any time, and require stored property to be removed from the campus, or athletic facility, at any time.

(9) The District has entered into this Parent Organization Storage Agreement as an accommodation to the Organization. The storage space is offered "as is, where is." This agreement is not a bailment. The District will not take possession of any property placed in the storage area District, but will merely provide storage space.

(10) The Organization assumes all risks to property placed in the storage area, including, but not limited to, theft, vandalism, misplacement, extreme temperatures, fire, flood or water penetration, sewage penetration, mold, or anything else.

(11) THE ORGANIZATION ACKNOWLEDGES THAT IT BEARS THE SOLE RISK OF LOSS TO ANY PROPERTY PLACED IN THE STORAGE AREA, AND AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISTRICT FROM ANY CLAIM FOR LOSS TO PROPERTY PLACED IN THE STORAGE AREA, EVEN IF THE LOSS WAS CAUSED IN PART OR WHOLE BY THE DISTRICT, ITS AGENTS, OFFICERS OR EMPLOYEES.

(12) This document represents the complete agreement between the Organization and the District, and its terms cannot be changed or varied by any District officer or official.

Organization

North East I.S.D.