



# **PTO/Booster Club Financial Guidelines**



## Accounting Procedures

- Parent Organizations/Booster Clubs should include written instructions on the recording of accounting transactions in their bylaws, such as accounting method (cash vs. accrual), number of authorized signers on the bank account(s) and number of authorized signatures required for each check.
- All transactions should be recorded in the Parent Organization's/Booster Club's financial records.
- The Parent Organization/Booster Club books and bank accounts should be reconciled monthly, whether maintained separately or through a district activity account.
- Parent Organizations/Booster Clubs may provide support to their campus in three manners:
  - a.) Parent Organization/Booster Club members raise funds. Funds are deposited into the Club's bank account. The Club writes a check to the school where the student group is located. The school deposits the funds into the student group's activity fund. The funds then belong to the members of the student group, to be spent at their discretion (under the supervision of the Sponsor). All accounting and safeguarding of the funds is the responsibility of the school, once the school has received the funds. *The IRS prefers that 501(c)(3) organizations use this method*, since it provides the "cleanest" procedure to track how the Parent Organization/Booster Club spends its revenues. Using this method, the Parent Organization's/Booster Club's Financial Report would show a clear path of revenues generated and expended exclusively for its purpose, to support a student group. In addition, this method reduces the amount of paperwork and responsibility for the Parent Organization/Booster Club related to the accounting for the revenues and expenses of the student group.
  - b.) Parent Organization/Booster Club members raise funds. Funds are deposited into the Club's bank account. The Club writes checks to the individual vendors for the expenses related to the student group through their bank account. In addition, they collect amounts due from the students for each event/competition/trip in which the student group participates. In addition, the Club tracks who has paid and who still owes money for each event and ensures that all balances are paid in full before the event occurs. All accounting and safeguarding of the funds is the responsibility of the Parent Organization/Booster Club.
  - c.) Parent Organization/Booster Club member raise funds. Funds are deposited into a district activity account specifically created to maintain only Parent Organization/Booster Club funds. Transactions are processed according to district procedures.

## **Bank Accounts**

- If Parent Organizations/Booster Clubs meet requirements to set up a separate bank account, it should be with the Parent Organization's/Booster Club's EIN number only. A person's social security number or the District's EIN number should not be used to set up a bank account.
- A district employee with finance-related responsibilities should not be an authorized signer for the bank account(s) of parent organizations/booster clubs without appropriate written approval.
- The District recommends that at least two authorized signatures be required for each check written to assist in establishing good internal controls over check disbursements. If a Parent Organization/Booster Club requires two signatures for check disbursements, the bank account(s) should have at least three authorized signers to allow at least one back-up signer if one of the regular signers is not available.
- Bank account(s) should be reconciled monthly, whether maintained in a separate account or through a district activity account. A sample template is attached. (*Appendix 1*).

## **Mailing Address**

- If the mailing address for the Parent Organization/Booster Club changes, immediately notify the District, the Texas Secretary of State, the Texas State Comptroller's Office, and the IRS. To avoid frequent mailing address changes, the IRS and the Texas State Comptroller's Office recommend that each Parent Organization/Booster Club obtain its own post office box (PO Box) or private mailing box (PMB) to be used for official Parent Organization/Booster Club mail. This address and box keys can be given to the new officers at the beginning of the year.
- Please understand the importance of maintaining a consistent mailing address for the Parent Organization/Booster Club. First, you will save time since you will not have to update your address each year to the District, the Texas Secretary of State, the Texas State Comptroller's Office, the IRS, and your bank as you would if you used someone's home address. Second, Parent Organizations/Booster Clubs receive several important documents from these agencies throughout the year, and if the address changes frequently, some of these documents could be lost or misplaced. If the related school's address is used as the Parent Organization's/Booster Club's official address, the Parent Organization/Booster Club should be aware that it may not receive mail in a timely manner when the school is closed (i.e., summer vacation and some holidays). The IRS mails forms and other correspondence to Parent Organizations/Booster Clubs periodically. If these forms are not completed and returned to the IRS within a specific time period, a Parent Organization/Booster Club could lose their tax-exempt status, thereby also losing their limited tax-exemption with the State of Texas and possibly face fines and penalties. The District does not recommend using a home address since officers can change frequently.

## **Budgetary & Oversight Controls**

- Members should establish and approve a budget at the beginning of the school year.
- At each meeting that includes the general membership, the Treasurer must provide a written Treasurer's report (*Appendix 2*) which should include the bank account balance and the receipt & disbursement activity since the last meeting. The Treasurer's report should also include a comparison of budgeted versus actual receipts and expenditures. A sample Budget Report Form is attached. (*Appendix 3*).
- At the completion of fundraisers, a financial recap should be prepared to determine the profitability of the fundraiser. (*Appendix 7*).
- At the end of the fiscal year, an audit/review of the booster club's financial records should be conducted by someone independent of the financial duties. The committee shall make a report to the general membership upon completion of the audit/review.

## **Fundraising**

Before any fund-raising activity occurs, Parent Organizations/Booster Clubs should decide whether a fund-raiser is a Parent Organization/Booster Club fund-raiser (money is deposited directly into the *Parent Organization's/Booster Club's* bank account) **or** whether it is a school fund-raiser (money is deposited directly into the *District's student activity fund account*). If the activity is a Parent Organization/Booster Club fund-raiser, the Parent Organization/Booster Club is responsible for handling any and all money from the fund-raiser. Likewise, if the activity is a school fund-raiser, the school is responsible for all money collected and deposited from the fund-raiser.

## **Money-Handling Procedures**

Money refers to cash, checks, money orders, or cashier's checks. The following are suggestions related to handling money to assist in ensuring proper accountability.

### **a) Receiving Money**

- The person receiving the money **while in the presence of the person turning in the money** should count all money received.
- The person receiving the money should give a receipt to the person delivering the money (both parties should retain their copy of the receipt).
- Any checks received should be restrictively endorsed immediately.
- Post-dated checks **should not be accepted** from any source.
- Receipts should indicate whether cash, check, money order, or cashier's check was received; date of the receipt; and signature of person receiving the money.
- Never leave people alone with money. That means at least two people sell tickets, at least two people count the money at the end of an event, etc. After the money is counted, each person signs the deposit form(s) and puts in a locked bag/box for the treasurer.

- Use tickets (pre-numbered, if possible) for cash events. Issue a ticket to every person who attends. This makes it easier to count how many people came through the door and to project how much cash should be collected.
- Copies or a list of checks, money orders, and cashier's checks received should be made to assist in recovery of money if these items are lost, stolen, or returned due to insufficient funds.

**b) Recording and Depositing Money**

- Prior to depositing money, at least two people should count the money.
- All money should be delivered to the Parent Organization/Booster Club Treasurer to deposit funds daily. A sample Deposit Tabulation Form is attached. (*Appendix 6*).
- Receipts should be reconciled with all money turned in and deposited.
- Money received should only be deposited in the Parent Organization's/Booster Club's account(s).
- Deposit slips, if applicable, should be retained and reconciled monthly to the account.
- Receipts should be promptly recorded in the Parent Organization's/Booster Club's transaction register (*Appendix 4*).

**c) Disbursement of Money**

- All disbursements made by the Parent Organization/Booster Club should be made from a properly completed Check Request Form accompanied by adequate documentation. A sample Check Request Form is attached. (*Appendix 5*)
- Require **two** signatures for each check. No one person should have the authority to issue/initiate PTO/Booster checks.
- Do **NOT** sign blank checks.
- Checks/disbursements should be promptly recorded in the Parent Organization's/Booster Club's transaction register (*Appendix 4*).

**d) Safeguarding Money**

- Do not keep money in a Tupperware container, Ziploc bag, unlocked drawer, unlocked filing cabinet, vehicle, or other unsecured place.
- Do not store the records of the money received (i.e., receipts, copies of checks) in the same place as the money. If records and money are stored together and a theft occurs, the record of the money may be taken along with the money. Subsequently, determination and recovery of losses would be more difficult.
- Money received and not yet deposited should not be used for purchases, check cashing, loans, advances, reimbursements, or for any other purpose.
- All unused checks should be kept safe and secure at all times.
- "Blank" checks should never be issued and checks should never be pre-signed.
- The sequence of check numbers should be accounted for when reconciling the bank statement to the Parent Organization's/Booster Club's books.
- **Issuing checks payable to "Cash" or to the "Sponsor" should be avoided.**
- Write down the rules. Clearly explaining policies and procedures in writing prevents people from feeling singled out or mistrusted.

**e) Carry-over Money**

- Any funds not used by the organization in a year merely carry over to begin the next year; however, all efforts should be made so that money fund-raised for students should be used for those students.
- The carry-over amount should only be enough to “begin business”.

**Financial Red Flags**

- Bank statements/reports not seen by treasurer, president, other signers on the account (if applicable), and board members on a monthly basis.
- Financial reports not given at executive or regular meetings.
- Beginning balance doesn't agree with last reported ending balance.
- Financial reports do not show each deposit, each check written, figures do not balance/total.
- Money being counted by only one person.
- Missing checks or deposits.
- Checks made out to family members.
- Checks made out to “Cash”.
- Checks made out for the same amount each month.
- Two or more signers on the bank account related, married, or residing in the same household.
- Receipts not being given for money received.
- Invoices/Receipts missing from vouchers.
- Receipts not itemized.
- Budget not approved by membership.
- Fundraising activities not approved by membership.
- Amount of profit doesn't agree with amount in contract signed with fundraising company.
- Less money deposited for fundraiser than paid to company for product received.
- Bills are received for items not in budget or approved by membership.
- PTO/Booster Club members profit monetarily from any fundraiser.

**Student Fines and Fees List**

Parent Organizations/Booster Clubs may have students or parents who do not submit money for fund-raisers or expenses, resulting in amounts owed to the Parent Organization/Booster Club. If these amounts are placed on the school's Student Fines and Fees List, any collections must be given to the Parent Organization/Booster Club.

**University Interscholastic League (UIL)**

Booster Clubs with activities related to UIL-sponsored competitions should be familiar with the UIL's Booster Club Guidelines. The UIL governs what participants, sponsors, and coaches may and may not accept. Booster clubs must adhere to these UIL guidelines.

**Sales Tax**

Parent Organizations/Booster Clubs should be familiar with the State Comptroller's Sales and Use Tax Bulletin. The State Comptroller regulates what products/services are taxable or non-taxable. Parent Organization/Booster clubs must adhere to these guidelines.

## Record Retention

Parent Organizations/Booster Clubs should establish a record file that is passed to the new officers each year. Some items need to be kept indefinitely while other items only need to be kept for a certain length of time. The record file should contain at least the following items on a permanent basis:

### Permanent Records

#### *Internal Records:*

- Parent Organization/Booster Club Registration & Approval Form
- Articles of Incorporation/Articles of Association
- Bylaws/Charter/Constitution
- *Minutes from meetings*

#### *State Records:*

- Sales Tax Permit Application
- Sales Tax Permit
- Certificate of Incorporation from State of Texas (if applicable)
- State Sales Tax Exemption Notification
- State Franchise Tax Exemption Notification (if incorporated)

#### *Federal Records*

- Copy of IRS Form SS-4, Application for Employer Identification Number
- Copy of IRS Form 1023, Application for Recognition of Exemption, with all attachments
- Copy of IRS Form 8718, User Fee for Exempt Organization Determination Letter Request and copy of check sent to IRS with this form
- Acknowledgement of Your Request
- Determination Letter
- Copy of IRS Form 8734, Support Schedule for Advance Ruling Period, and the IRS's notice granting a permanent exempt status to the organization, if applicable

For non-permanent records, the Texas State Comptroller's Office and the IRS have different retention periods as discussed below. In addition, certain circumstances, such as fraud, would allow the retention period to be extended beyond the normal requirement.

According to the Texas State Comptroller's Office, this office has four (4) years from the date the tax becomes due and payable in which to assess the liability. This statute of limitations may be extended beyond the four (4) years, if an agreement is made in writing between the Texas State Comptroller's Office and the Parent Organization/Booster Club. In cases of fraud, or **if the sales tax returns have not been filed**, the statute of limitations does not apply and the Texas State Comptroller's office may assess and collect taxes, penalties, and interest at anytime. The statute of limitations does not apply when information contained in the sales tax report contains a gross error and the amount of tax due and payable after the

error is corrected is 25% or more than the amount initially reported. In addition, other exceptions to the statute of limitations may apply.

According to the IRS, Parent Organizations/Booster Clubs (501(c)3 organizations) must keep each annual information return (i.e. Form 990, Form 990-EZ, or Form 990-N) for 3 years from the date the form is required to be filed or from the date the form is actually filed, whichever is later. However, if fraud is suspected or if returns have not been filed as applicable, the IRS could request information prior to the 3 year period discussed above.

### **Non-permanent Records**

#### ***Internal Records***

- Financial Reports and Review Committee Reports
- All financial backup including checkbook and banks records
- Information related to donations received by a Parent Organization/Booster Club from individuals or businesses
- Financial Aid Guidelines

#### ***State Records***

- Sales Tax Forms Filed (Quarterly or Annually)
- Copy of correspondence with the Texas Secretary of State and the Texas State Comptroller

#### ***Federal Records***

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

**Before discarding any records, confirm with the Texas State Comptroller's Office and the IRS that your organization is in good-standing and that no open items or issues exist related to the time period involving the records that you would like to discard.**



**TREASURER'S REPORT**  
**PTO/Boosters**  
**November 1, 20XX - November 30, 20XX**

**CHECKING ACCOUNT**

**BALANCE ON HAND 11/01/20XX** \$4,250.00

**INCOME**

|       |              |                            |                   |
|-------|--------------|----------------------------|-------------------|
| 11/15 | Deposit:     | Carnival                   | \$1,450.00        |
| 11/17 | Deposit:     | Membership Dues (150 @\$5) | 750.00            |
| 11/22 | Deposit:     | Book Fair                  | 349.50            |
| 11/30 | Deposit:     | Gift Wrap                  | 5,000.00          |
| 11/30 | NSF Ck:      | #1119 - Book Fair purchase | -16.50            |
|       | <b>TOTAL</b> |                            | <u>\$7,533.00</u> |

**TOTAL INCOME** \$7,533.00

**EXPENSES**

|       |              |                               |                 |
|-------|--------------|-------------------------------|-----------------|
| 11/01 | Ck #3150     | Insurance premium             | \$195.00        |
| 11/03 | Ck #3151     | Mary Smith, Carnival expenses | 55.00           |
| 11/10 |              | Bank fee, NSF Ck #1113        | 10.00           |
| 11/11 | Ck #3153     | Patty Harper, hospitality     | 7.49            |
| 11/12 | Ck #3154     | Book Fair Company             | 120.00          |
| 11/13 | Ck #3155     | VOID                          | 0.00            |
| 11/13 | Ck #3156     | Susan Bird, office supplies   | 15.29           |
| 11/14 | Ck #3157     | Beverly Anderson, postage     | 3.70            |
|       | <b>TOTAL</b> |                               | <u>\$406.48</u> |

**TOTAL EXPENSES** \$406.48

**BALANCE ON HAND 11/30/20XX** \$11,376.52

Signature \_\_\_\_\_

Date \_\_\_\_\_

# Budget Report

PTO/Booster

|                                  | Budget<br>2015-16 | Actual YTD<br>2015-16 | Variance<br>to Date |
|----------------------------------|-------------------|-----------------------|---------------------|
| <b>INCOME</b>                    |                   |                       |                     |
| <b>FUNDRAISER INCOME</b>         |                   |                       |                     |
| Carnival                         | 1,500.00          | 1,450.00              | 50.00               |
| Book Fair                        | 400.00            | 349.50                | 50.50               |
| Gift Wrap                        | 4,000.00          | 5,000.00              | (1,000.00)          |
| <b>Total Fundraisers</b>         | <u>5,900.00</u>   | <u>6,799.50</u>       | <u>(899.50)</u>     |
| <b>OPERATIONS</b>                |                   |                       |                     |
| Membership (goal=150 members)    | 750.00            | 750.00                | -                   |
| Miscellaneous                    | 100.00            | (16.50)               | 116.50              |
| <b>Total Operations</b>          | <u>850.00</u>     | <u>733.50</u>         | <u>116.50</u>       |
| <b>TOTAL INCOME</b>              | <u>6,750.00</u>   | <u>7,533.00</u>       | <u>(783.00)</u>     |
| <b>EXPENSES</b>                  |                   |                       |                     |
| <b>COMMUNITY</b>                 |                   |                       |                     |
| Hospitality                      | 100.00            | 7.49                  | 92.51               |
| Miscellaneous                    | 500.00            | -                     | 500.00              |
| <b>Total Community</b>           | <u>600.00</u>     | <u>7.49</u>           | <u>592.51</u>       |
| <b>FUNDRAISER EXPENSES</b>       |                   |                       |                     |
| Carnival                         | 100.00            | 55.00                 | 45.00               |
| Book Fair                        | 200.00            | 120.00                | 80.00               |
| <b>Total Fundraiser Expenses</b> | <u>300.00</u>     | <u>175.00</u>         | <u>125.00</u>       |
| <b>PTO OPERATIONS</b>            |                   |                       |                     |
| Insurance                        | 200.00            | 195.00                | 5.00                |
| Bank charges                     | 25.00             | 10.00                 | 15.00               |
| Office supplies                  | 100.00            | 15.29                 | 84.71               |
| Postage                          | 50.00             | 3.70                  | 46.30               |
| <b>Total PTO Operations</b>      | <u>375.00</u>     | <u>223.99</u>         | <u>151.01</u>       |
| <b>TOTAL EXPENSES</b>            | <u>1,275.00</u>   | <u>406.48</u>         | <u>868.52</u>       |



# Request for Check Payment/Reimbursement

\_\_\_\_\_ PTO/Boosters

I hereby request payment/reimbursement for expenses incurred as follows:

Requestor: \_\_\_\_\_

Activity: \_\_\_\_\_

Signatures: \_\_\_\_\_

**Make check payable to:** \_\_\_\_\_

| Date | Item | Amount |
|------|------|--------|
|      |      |        |
|      |      |        |
|      |      |        |
|      |      |        |
|      |      |        |
|      |      |        |
|      |      |        |
|      |      |        |
|      |      |        |

If applicable

**\*\* You will not be reimbursed for sales tax.**  
**Please remember to have the "Texas Sales and Use Tax Exemption Certificate" when making purchases.**

**NOTE:** Be sure to **attach appropriate supporting documentation**; typically this will be an invoice if payment is to be made to the vendor, or a receipt if requesting reimbursement.



# Fundraising Activity Report

PTO/BOOSTERS

**Fundraiser:** \_\_\_\_\_

**Total Collections from Fundraiser:**

| Date                     | Receipt # | Description                   | Amount |
|--------------------------|-----------|-------------------------------|--------|
|                          |           |                               | -      |
|                          |           |                               | -      |
|                          |           |                               | -      |
|                          |           |                               | -      |
|                          |           |                               | -      |
|                          |           |                               | -      |
|                          |           |                               | -      |
|                          |           |                               | -      |
|                          |           |                               | -      |
|                          |           | Per Attached List (if needed) | -      |
| <b>Total Collections</b> |           |                               | \$ -   |

**Total Disbursements for Merchandise, Advertising, Prizes, etc. for Fundraiser:**

| Date                       | PO #/Chk # | Description                   | Amount |
|----------------------------|------------|-------------------------------|--------|
|                            |            |                               | -      |
|                            |            |                               | -      |
|                            |            |                               | -      |
|                            |            |                               | -      |
|                            |            |                               | -      |
|                            |            |                               | -      |
|                            |            |                               | -      |
|                            |            |                               | -      |
|                            |            |                               | -      |
|                            |            |                               | -      |
|                            |            | Per Attached List (if needed) | -      |
| <b>Total Disbursements</b> |            |                               | \$ -   |

**Profit (Net Proceeds) from Fundraiser:**

|  |      |
|--|------|
| <b>Total Collections - Total Disbursements</b> | \$ - |
|--|------|

\_\_\_\_\_  
Signature of Sponsor/Person Responsible for Fundraiser

\_\_\_\_\_  
Date