Financial Training
Booster & External Support Organizations
August 18, 2016
EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

These organizations exist to promote school programs and complement student activities, but they are **SEPARATE LEGAL ENTITIES** that must adhere to IRS and Title IX guidelines.
EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

• The following information must be submitted to the school Principal within 30 days of the first transaction:
  • FEIN
  • Names of Officers
  • Certificate of Liability Insurance
  • Annual Financials
  • Budget
  • Fundraising requests
EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

- **It is recommended (not required) that treasurers be bonded.**
- **Organizations and their activities are not covered by the district liability insurance. (They must carry their own liability insurance)**
- **School-wide fundraisers conducted by these organizations, including the proposed use of those funds, must be approved by the board.**
- **All other fundraisers are approved by the principal or designee.**
FINANCIAL REPORTS

• Must submit annual budget (FSA 4B)

• Must submit annual financial report (Due by July 15) which includes:
  • Beginning cash balance
  • Actual revenue
  • Actual expenses
  • Ending cash balance
EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

• Organizations should have written by-laws.

• District employees may serve as general members.

• District employees may NOT serve as officers with check signing authority in these organizations.
  • They may not order and receive goods, receipt, pay vendors, or disburse funds.
EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

• Boosters may forego the separate legal entity status, if they deposit their funds under a “sub-account” of the school activity fund account

• Would then be subject to all Redbook rules
**TAX EXEMPTION**

- **Organizations must use external accounts and obtain their own Federal Employer Identification Number.** (Go to [www.irs.gov](http://www.irs.gov))

- **Organizations are not tax exempt unless they obtain their own state tax exempt number.** (Go to [www.revenue.ky.gov](http://www.revenue.ky.gov)), and are considered tax deductible entities for donations only if they establish 501C(3) status.
TAX EXEMPTION

• HTTPS://PARENTBOOSTER.ORG/
• IMMEDIATE 501(c)(3) TAX EXEMPTION UPON MEMBERSHIP APPROVAL
• PROVIDES INFO, TRAINING, AND HELP TO SET UP AND OPERATE BOOSTER ORGANIZATIONS
FUNDRAISERS

- Fundraising should be carried out by booster members.
- Organizations must receive board approval to fundraise in the name of the district or its students.
- Fundraiser Approval Form
  - Timeline
  - Funds must be expended in accordance with approval
EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

- **Fundraising must benefit the entire group as a whole.** No monies may be applied to individual student accounts, unless 1099s are issued for the income.
- **The IRS prohibits tax-exempt organizations from requiring participation in fundraisers.** Organizations may not require an amount be “donated” in lieu of participating in fundraiser.
- **Individuals choosing not to participate in a fundraiser cannot be excluded from benefitting from the fundraiser and cannot be penalized in any way.** (Coaches must instill the expectation!)
EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

- **School activity funds may not reimburse these organizations.**
- **No booster club shall pay the fee for any referees or officials of athletic events, but may donate to the school for these purposes. (Note: Fundraising events outside of the “school business” are not regulated by auditors.)**
- **Boosters clubs may not directly pay or enhance salaries or stipends, but may contribute to the board for these purposes in accordance with Title IX concerns.**
- **Anything purchased for the school or the group they support becomes the property of the school district.**
• Send all requests for purchases over $500.00 to C/O where they will be approved for purchase by district athletic supporters (Title IX purposes)

• Short-term consumable orders under $500.00 can be paid directly to vendor without approval
PURCHASING

• TECHNOLOGY EXCEPTION
  • ALL TECHNOLOGY PURCHASES MUST BE MADE BY THE SCHOOL DISTRICT
  • BOOSTERS MUST MAKE DONATION TO OFFSET COST THEN DISTRICT WILL PURCHASE
PURCHASING

• Each athletic group will not be given a “budget” to follow this year
• We will address each request individually as they come
• Needs only
EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

- **Resource Handouts**
  - *Redbook Guidelines for external support/booster organization*
  - *Redbook — Booster FAQs*
RESOURCES

- HTTPS://PARENTBOOSTER.ORG/
- WWW.REVENUE.KY.GOV
- WWW.IRS.GOV
- HTTP://EDUCATION.KY.GOV/DYRICTS/FinRept/Pages/Accounting-Procedures-for-School-Activity-Funds.aspx
QUESTIONS?

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