

DISTRICT #206 - ALEXANDRIA
ACCOUNTING MANUAL
FOR
BOOSTER CLUBS

Prepared by
Thomas Wiczorek
Business Director
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INTRODUCTION

Booster Clubs are organizations that are separate individual entities from the school district. As such, they have their own governing board, establish their own policies and maintain their own set of accounting records. They also must have their own checking account along with a separate federal tax identification number. These organizations are generally formed as non-profit entities and as such must follow federal and state tax regulations. These organizations **MUST NOT** take advantage of or use the tax identification number of the district. If tax-exempt status is desired, they must obtain such status individually with the appropriate taxing authority.

These valuable organizations provide a needed source of financial support for school activities. However, a separation between these organizations and the school district must be maintained so that third parties are not misled into believing that the organization is part of the school district. This protects both parties in case of litigation. It is imperative that strict and proper accounting practices are followed in order to insure his separation.

OUTSIDE ORGANIZATIONS vs. STUDENT ACTIVITY

These organizations are created by interested adult groups and managed by adults with various adults as officers. They raise funds through fund raising events, dues from adult members or from contributions from other organizations. They may operate concessions at special events and other projects on school property with student help with prior board approval. In all cases, adults implement, monitor and control the activities. The adult members of the organization make the decisions.

Student activity accounts, on the other hand, are those funds which are owned, operated, and managed by organizations, clubs, or groups within the student body under the guidance and direction of faculty or staff members for educational, recreational, or cultural purposes. These organizations receive their funding through fund raising events, dues from student members or contributions from other organizations. A key difference is that students manage the funds and the officers of the organization are students. Students implement, monitor and control the activities of the organization under the supervision of an adult. The student members of the organization make the decisions.

PROCEDURES

For booster clubs the following management and accounting guidelines are:

- 1) The names of the organizations officers, addresses and phone numbers should be submitted to the school district office at the beginning of each school year or when officers change. This will give the district a list of people to contact regarding the administration of donated funds.
- 2) Information regarding the financial activities of the organization should be sent to the school district office at the end of each school year. This information should include receipts, the source of the receipts, expenditures by payee and beginning and ending balances. This information is valuable to the district as a check on donations received and to monitor school district fund raising events of its students. By knowing what fund raising events the outside organizations are having it can control the student organizations fund raising activities so that the community is not over inundated with requests for funds.
- 3) Receipts must not be from students in the form of dues or other fees as this makes the organization look more like a student organization. If district staff are involved in the collection of funds from students at a district facility, then those funds are district funds and accounted for either in the general fund of the district or the student activity fund, depending on the type of fee collected.

4) Expenditures must be for expenses necessary for the organizations fund raising activities and for the management of the organization. School district related expenses must be sent to the school as donations and accepted by the school board as a gift through the district gift policy (Policy 706). Expenditures for school equipment, stipends for district employees, coach's salaries (Policy 706), payments for bus trips are examples of expenditures that must not be directly made by the organization. These are school-related expenditures. When the organization wishes to donate money for the purchase of equipment, supplies or other financial support for student activities, the funds for the designated activity or piece of equipment or supply item must be received by the school district PRIOR TO a purchase order being issued or a student activity being scheduled.

5) Checks should be signed by at least two members of the organization. School district employees can and many times are members of these organizations. School district employees must not have complete financial control of the organization. The organizations checkbook must not be housed on school district property nor should it be in the possession of a school staff member. This procedure is to insure a strict separation of the school district with the applicable organization.

6) There should be periodic meetings of the organization with minutes supporting these meetings. The treasurer should present a financial report. All fund raising activities should be approved by the membership. All requests for payments of invoices or donations to the school district should be approved by the membership. A designated officer, other than the treasurer, should initial or sign each invoice as approval for payment.

7) An annual report should be presented to the membership. This report should show the beginning and ending balances of the organizations accounts, the ending checking account and investment balances, the total amount of receipts by payer, a list of payments by vendor, with the amounts and purpose of the expenditure.

8) In certain instances the organization will purchase from the district services or supplies. The district will send the organization an invoice for these services or supplies. An example is the printing of notices for fund raising events by the districts print shop. Another example is where supplies are purchased through the districts warehouse. The district must charge the organization state sales tax unless the organization has on file with the district finance department a properly executed Minnesota State Form ST-3.

9) If the organization should hire its own employees or contract for outside services, the organization is responsible for the filing of the applicable W-2 forms or 1099s. In no case should the organization contract for services or employees that perform services for the district that are paid directly by the organization. To do so skirts tax obligations, the districts contract approval procedure and the background check on employees. Even if an employee is hired by the organization and the organization performs all the required payroll procedures and files the proper payroll reports, the background check issue has been violated if the individual has dealings with district students.

These are some guidelines that the district hopes will assist the supporting organizations management. Each organization may have other procedures in addition to the above. Comments, additions or questions are welcome. I can be reached at 320-762-7706 or by e-mail at twieczor@alexandria.k12.mn.us.

I hope that by working together we can continue to keep District #206-Alexandria an outstanding place for students to learn those lessons that will make them viable, successful, creative, self-confident, happy and contributing members of the global society.

References: Minnesota State Department of Children, Families and Learning, Manual for Activity Fund Accounting. District #206 Alexandria School Staff